

2018/2019

ANNUAL REPORT

Volume I



30 June 2019

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Preface

REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by several municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium-Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- 2017/2018;
- 2018/2019;
- 2019/2020; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury

July 2012

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

a. Vision:

During the integrated Development Plan review process, which was the last in the current term of office of the current political leadership, the community focusing on identified needs, development issues, predetermined objectives that are aligned to the Sustainable Development Goals, National Development Plan, Medium Term Strategic Framework 2014-2019, Back to Basic Principles, National Outcomes, Free State Growth and Development Strategies and the Thabo Mofutsanyana District Municipality’s Integrated Development Plan 2018/2019, reaffirmed their common aspiration and local identity of all concerned parties of a “preferred future”.

A statement that describes how our future would look like if the municipality achieves its ultimate aims, and is reflected in the shared vision that drives the municipality towards a compelling future, preferable 2030, which is beneficial to the citizenry of the municipality:

“A unified viable and progressive municipality”

b. Key Policy Developments:

In preparing for the strategy formulation process that was going to be implemented during the financial year under review, it was important that the municipality ensures that the general guidelines related to crosscutting dimensions are adequately considered when designing strategies and projects planned. To facilitate these requirements, a set of localised strategy guidelines were formulated regarding the following priorities:

- Spatial Development Framework
- Poverty Alleviation
- Environmental Sustainability
- Local Economic Development
- Organisational Development and Transformation
- Good Governance and Public Participation
- Financial Viability and Management
- Infrastructure and Service Delivery
- Policy Formulation and Implementation
- Performance Management Systems

To align this to the Sustainable Development Goals, The National Development Plan,

Chapter 1

National Outcomes, Medium Term Strategic Framework, Back to Basic Principles, Free State Growth and Development Strategies, Thabo Mofutsanyana District Municipality Integrated Development Plan, the above was narrowed to the following Local Government Five Year Strategic Agenda:

- Infrastructure and Service Delivery
- Local Economic Development
- Organisational Development and Transformation
- Financial Viability and Management
- Good Governance and Public Participation

These Key Performance Areas were used throughout the planning process to guide the strategy formulation, project identification, project cost, project prioritisation and integration to ensure smooth alignment. Before the formulation of specific development strategies, SWOT analysis was done on the organisational readiness to embark on such a mission to achieve the vision. An investigation was done on the amount of financial, human, institutional and natural resources which could be available in implementing the activities in order to achieve the predetermined objectives.

An Enterprise Risk Management Assessment was done on those issues that could impede the municipality to achieve these predetermined objectives. Since implementation of the strategies will put tremendous pressure on human and financial resources of the municipality, it was important to identify creative and innovative solutions for coping with human and financial resources constraints. This is based on Strategic Alignment to the Provincial Growth and Development Strategy, and the Integrated Development Plan 2018/2019 Strategies included in the Integrated Development Plan 2018/2019, especially with focus on impact and outcome achieved.

c. Key Service Delivery Improvements:

During our national and provincial general elections campaign, we committed to our people that we shall ensure the following among other things:

1. Visionary, Responsible and Accountable leadership.
2. Improved audit outcomes
3. Improved performance management and compliance
4. Improved public participation
5. Improve on LED to realize tangible results
6. Improved good governance processes and transparency
7. Improved institutional capability and resilience

As we respond to the clarion call of our people as espoused in the Integrated Development Plan 2018/2019, we have not lost sight of the ball, but we remain committed in delivering on

Chapter 1

the five developmental priorities as adopted by Council during 2017. Ours too, is a progressive Integrated Development Plan 2018/2019 that initiates a social transformation according to the dictates of our developmental priorities, which are:

- 1) Bringing stability to the institution;
- 2) Improving the financial position of the municipality;
- 3) Promoting a Clean and Green Environment;
- 4) Enhancing Economic Development;
- 5) Facilitating Rural Development;
- 6) Facilitating integrated Built Environment; and
- 7) Promoting Land Development.

d. Public Participation:

In our endeavour to engage communities in municipal planning and budgeting, Chapters 4 and 5 of the Municipal Systems Act, 32 of 2000, was evoked, as well as The Municipal Finance Management Act, 56 of 2003. There has been Integrated Development Plan Community Representative Fora held throughout the year to ensure that community needs are taken into consideration during planning, when the draft Integrated Development Plan 2018/2019 and the Budget 2018/2019 were adopted, the municipality embarked on Executive Mayoral Roadshows to ensure that further inputs are received from communities and all relevant stakeholders, solicited and consolidated into the final product that was approved by council.

Ward Councillors held monthly ward meetings in their respective wards to ensure that there is feedback to and from communities on municipal affairs. Their reports found trajectory into municipal planning through the office of the Speaker to the Office of the Municipal Manager. Speaker spearheaded the process of establishing new ward committees for the term of office for the 2018/2019 to 2020/2021 period, and all organisations took part in this endeavour to ensure that or democracy is truly participatory.

e. Future Actions:

The approved Integrated Development Plan 2019/2020 has a list of funded and unfunded projects that will be implemented during the current term of office of the municipal council for the betterment of all the citizenry of Setsoto. In responding to the needs of community, the municipality has budgeted R 521 million to finance its operational and capital programmes to facilitate service delivery, refurbish infrastructure and utilities and develop new assets in the coming financial year. We will also be investing R 549 million and R 581 million in the outer years 20120/2021 and 2021/2022 respectively to implement these infrastructural projects that are aimed at facilitating service delivery.

Our community needs are simply just more than what we can afford, and I need to point out

Chapter 1

that capital projects amounting to R 1.5 billion cannot be accommodated over the next three years, lest we receive additional funding from national fiscal and increase our revenue collection to a minimum of 75%. That is why we need to prioritize our capital spending. Section D of the Integrated Development Plan 2019/2020 – Section D: Projects outline a comprehensive list of all our unfunded capital programme needs.

The departments of Engineering Services and Development Planning and Social Security are the face of the municipality. Our Capital Budget which is in line with the resolution of the 54th Elective Conference of the African National Congress on Radical Economic Transformation have the following projects under the current financial year:

Marquard/ Moemaneng

- Upgrading of Sport and Recreational Facility to the value of R 2.1 million

Clocolan/Hlohlolwane:

- Upgrading of Wastewater Treatment Works to the value of R 20 million
- Replacement of old 4km asbestos bulk water line with PVC to the value of R 4.4 million

Ficksburg/Meqheleng/Caledon Park

- Conversion 969 VIP toilets to Waterborne Toilets to the value of R 17 million
- Development of new Cemetery to the value of R 1.5 million
- Rehabilitation of 1.5km surfaced and storm water drainage to the value of R 5 million

Senekal/Matwabeng:

- Construction of 500mm diameter pipeline from De Put to the Water Treatment Works to the value of R 11 million
- Construction of 11ML Reinforced Concrete Reservoir to the value of R 15 million
- Construction of De Put Abstraction Pump Station, Booster Pump Station and associated Works including Refurbishment of De Put Water Treatment Works (mechanical and electrical) to the value of R 13 million
- Construction of 500mm diameter pipeline from Cyferfontein to the Water Treatment Works to the value of R 13 million
- Construction of Cyferfontein Abstraction Pump Station, Booster Pump Station and associated Works including Refurbishment of De Put Water Treatment Works (mechanical and electrical) to the value of R 15 million
- New Centralised Water Treatment Works to the value of R 4 million

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f. Agreements / Partnerships

The municipality does not have partnerships now but is looking at ways to enter such in order to enhance service delivery.

g. Conclusion.

My sincere gratitude to the entire Mayoral Committee Members, the Speaker and Members of the Council, for all their efforts to make us realise our vision and making it a reality. I am also humbled by the trust bestowed upon me by the leadership of this glorious organisation, the African National Congress, to be leading this municipality during this term of this political leadership. I am committed to working with all concerned as we enter the third year of our term of office.

Many thanks also go to the Municipal Manager, Mr. Ramakarane Simon Tshepiso Rankhotho, his Senior Management and the entire workforce for the sterling work being done within the restricted fiscal and human resources wealth. With their expertise and unstated knowledge, I am positive that the municipality is indeed ***“Building relationships of trust within municipal environment-and thus ensuring that this becomes the road towards sustainable basic services provision”***, and that our future is undeniably headed to a place where we would like our people experience of local government to be a pleasant one.

CLLR KOALOANE ELIAS KOMANE
EXECUTIVE MAYOR

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Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

This annual report is an all-inclusive report on municipal activities during the year under review. The report is intended to give council and all stakeholders and other interested people evidence about the municipality's activities and financial performance as at 30 June 2019. The Municipal Finance Management Act, 56 of 2003, required the municipalities to prepare and disclose their annual reports, and may require the annual report to be filed at registry.

This report will also provide information to be used for audit purpose of this municipality for the financial year 2018/2019. The performance of each department is meticulous in this report per their respective divisions as contained in Chapter 3-Service Delivery Performance. The Department of Engineering Services is responsible for providing basic services under the following sectors:

- Water;
- Sanitation;
- Electricity;
- Roads and Storm Water;
- Urban Planning and Property Management; and
- Fleet Management

All these are provided through a Project Management Unit and each sector is therefore responsible for maintenance of the provided infrastructure in order to ensure effective, efficient and sustainable service delivery. The department is zealous to improve the quality of life of its community by providing efficient, sustainable, reliable and affordable infrastructure and to ensure continuous upgrade and maintenance of the existing infrastructure.

This department is also commanded to ensure adequate serviced land through which residents can develop quality formal housing and receive security of tenure. An increase in population growth in Setsoto Local Municipality implies an increasing urgency for development of infrastructure for our communities that can support this increase in population.

Infrastructure is the foundation that enables economic growth and development. Local government is mandated to construct and maintain a range of infrastructure that enables local economic activities and create an enabling environment for economic growth. The department had included key priority projects on the IDP 2018/2019 to secure funding in

Chapter 1

order to fulfill this mandate.

The mandate of the Department of Development Planning and Social Security is service delivery component and intends to strive to continuously improve how we render services to communities. The experience over a period has shown that it changes approach it required in the way we extend and reach out to the communities to ensure that those areas which were not previously serviced are better off. The municipality is also taking into consideration realities in the Municipality. As service delivery department our mandate is as follows:

- Provision of waste disposal system, which is efficient, safe and cost effective,
- Refuse removal and street cleaning,
- To ensure that the environment is conducive and not harmful to the health and wellbeing of communities,
- Public safety and security
- Provision and maintenance of cemeteries,
- Maintenance of parks and greening of open spaces,
- Provision of security to municipal property and personnel,
- Safety of road users through traffic services,
- Assisting in promotion of healthy and cultural lifestyle to communities through sports, arts and recreation programmes,
- Maintenance of municipal properties and facilities.
- Provision of disaster management service to the community affected as a result of man-made and
- other natural disasters,
- Provide an efficient and effective Fire Services,

Create sustainable economic growth and alleviate poverty by maximizing local agriculture and industrial opportunities and exploitation of international export markets through Local Economic Development initiatives,

- Promotion of Tourism development,
- Job creation

The Department of Treasury Services is responsible for the financial management, viability and sustainability of the municipality through the delegation of the following:

- Revenue Management;
- Expenditure Management;
- Assets Management; and
- Budget and Reporting

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To ensure that the municipality's workforce is satisfied at all the time and that relevant and skilled personnel are brought into the fold, the municipality through the Department of Corporate Services employs the following services:

- Human Resources Management;
- Human Resources Development;
- Payroll Administration;
- Legal and Contract Management; and
- Administration and Council Services

The Department of the Office of the Municipal Manager provides and overall strategic support for all the strategic operational activities of the municipality through the following:

- Office Operations and Unit Support;
- Information Communication Technologies, Communication and Customer Care Relations;
- Internal Audit Unit;
- Integrated Development Planning and Performance Management System;
- Office of the Executive Mayor for the Political Leadership and Direction;
- Office of the Speaker for Public Participation; and
- Troika for Political and administrative Interface

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Chapter 1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Establishment of Setsoto Local Municipality (FS 191)

Part 1

Setsoto Local Municipality was established as category B municipality with a collective executive system combined with ward participatory system as contemplated in section 2(f) of the Determination of the Types of Municipalities Act, 1 of 2000 in terms of Provincial Notice 184 of 28 September 2000. This Notice is also known as Section 12 Notice for purposes of Local Government Municipal Structures Act, 117 of 1998. The Provincial Notice 184 of 28 September 2000 as amended, is hereby repealed and replaced by the provisions contained in Part 2.

Re-Establishment of Setsoto Local Municipality (FS 191)

Part 2

The type of Setsoto Local Municipality (FS 191) in terms of Provincial Gazette of 28 October 2016 is hereby changed from the type of municipality with a collective system combined with ward participatory system to a municipality with an Executive Mayoral system combined with a ward participatory system. Setsoto Local Municipality (FS 191) is a category B municipality as determined by the Municipal Demarcation Board in terms of section 4 of the Municipal Structures Act, 117 of 1998.

The boundaries of the municipality as indicated by the demarcation area in the Municipal Demarcation Notice remain unchanged. The council of Setsoto Local Municipality (FS 191) consists of 33 councillors with effect from the local government elections in 2016. The following councillors have been designated full time councillors by the municipality:

- Executive Mayor
- Speaker
- Members of the Executive Mayoral Committee

The powers and function as assigned to the municipality are stipulated in sections 156 and 229 of the Constitution and sections 83 and 84 of Local Government: Municipal Structures act, 117 of 1998 as amended. More specifically, the powers and functions of the municipality relating to sections 84 of the said act which were promulgated in Provincial Gazette Number 25 dated 11 April 2008 and are:

The administrative structure of the municipality consists of five departments and four administrative units with the Municipal Manager as the Accounting Officer and head of the

Chapter 1

administration situated in Ficksburg. The other three towns in the municipality are Senekal, Marquard, Clocolan and their neighbourhood areas.

Section 84(1)(e)-Solid Waste disposal sites as it relates to-

- (i) The determination of waste disposal strategy;
- (ii) The regulation of waste disposal; and
- (iii) The establishment, operation and control of waste disposal sites, bulk waste transfer facilities for more than one local municipality in the district.

Section 84(1)(f)-Municipal roads which form an integral part of road transport system for the area of the district municipality.

Section 84(1)(j)-Firefighting services in the area of the district municipality, which includes-

- (i) Planning, co-ordination and regulation of fire services;
- (ii) Specialised firefighting services such as mountain, veld and chemical fire services;
- (iii) Co-ordination of standardisation of infrastructure, vehicle, equipment and procedures; and
- (iv) Training of fire officers.

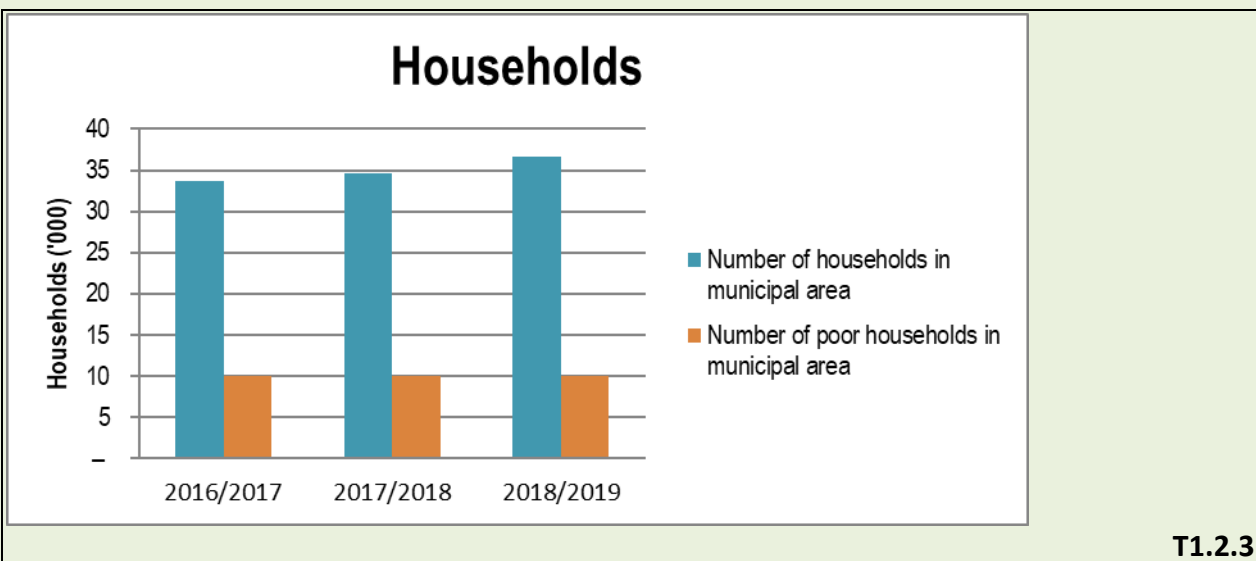
Section 84(1)(l)-The establishment conduct and control of cemeteries and crematoria serving the area of major proportion of municipalities in the district.

Section 84(1)(N)-Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.

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Population Details									
Age	2001			2011			2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0-4	6	6	12	7	7	13	6	6	12
Age: 5-9	6	7	13	6	6	12	6	6	12
Age: 10-14	8	8	15	5	5	11	6	6	12
Age: 15-19	8	8	15	6	6	11	7	6	13
Age: 20-24	6	6	12	5	5	11	5	5	11
Age: 25-29	5	6	10	5	5	10	6	6	12
Age: 30-34	4	5	8	4	4	8	4	5	10
Age: 35-39	4	4	8	3	4	7	3	4	7
Age: 40-44	3	4	6	3	3	6	3	3	6
Age: 45-49	2	3	6	2	3	5	2	3	5
Age: 50-54	2	3	5	2	3	5	2	2	4
Age: 55-59	1	2	3	2	2	4	1	2	4
Age: 60-64	1	2	3	1	2	3	1	2	3
Age: 65-69	1	2	2	1	1	2	1	2	3
Age: 70-74	1	1	2	1	1	2	1	1	2
Age: 75-79	0	1	1	0	1	1	0	1	1
Age: 80-84	0	1	1	0	1	1	0	1	1
Age: 85+	0	1	1	0	0	1	0	0	1
Total	57	66	123	53	60	113	55	62	117
Source: Statistics SA Community Survey 2016									
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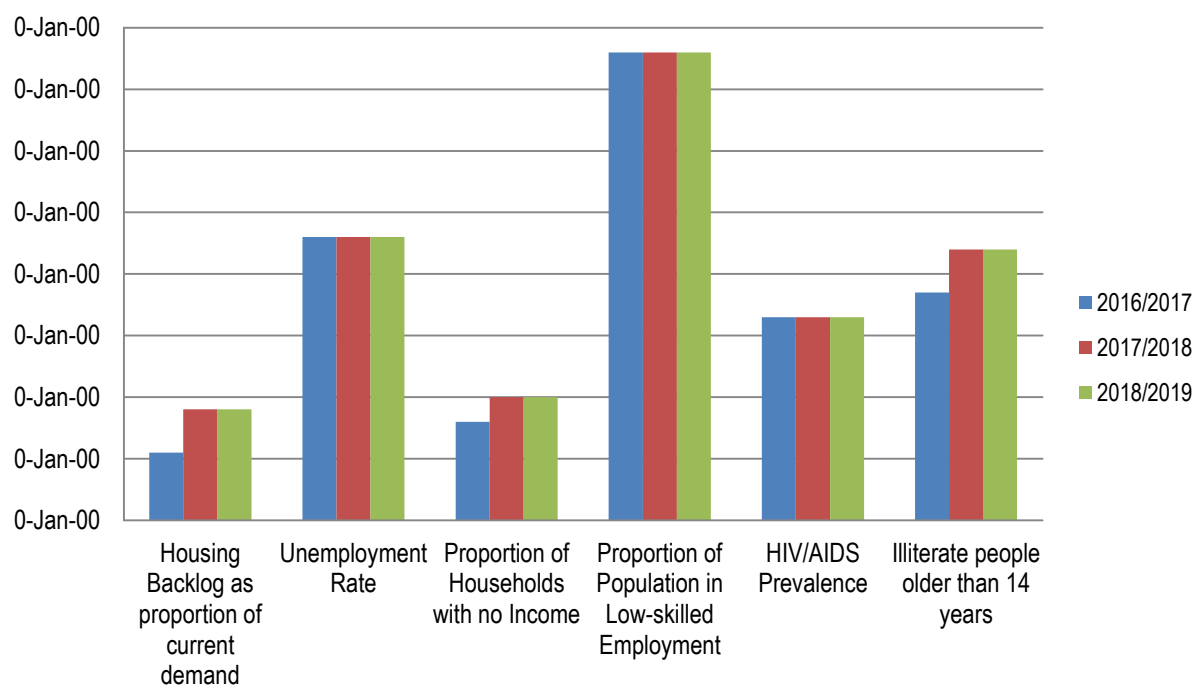


Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2016/2017	11%	46%	16%	76%	33%	37%
2017/2018	18%	46%	20%	76%	33%	44%
2018/2019	18%	46%	20%	76%	33%	44%

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Socio Economic Status



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Overview of Neighbourhoods within Setsoto Local Municipality		
Settlement Type	Households	Population
Marquard/Moemaneng		
Marquard		1 119
Moemaneng Extension 1		1 024
Moemaneng Extension 2		1 124
Moemaneng Extension 3		1 950
Moemaneng Extension 4		2 296
Moemaneng Extension 7		1 329
Moemaneng Extension 8		920
Moemaneng SP		4 562
Motampelong		1 280
Riverside		860
Sub-Total	4 460	16 464

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Overview of Neighbourhoods within 'Name of Municipality'		
Settlement Type	Households	Population
Ficksburg/Meqheleng/Caledon Park		
Ficksburg		5 573
Boitumelo		1 628
Ha Molo		382
Itumeleng Zone 3		708
Katlehong		3 326
Khaphamadi		724
Marallaneng		807
Masaleng		2 293
Meqheleng 1		667
Meqheleng 2		1 731
Meqheleng 3		1 299
Meqheleng 4		1 060
Meqheleng 5		1 845
Meqheleng 6		2 943
Meqheleng 7		5 392
Meqheleng 8		10 805
Vukazenzele		1 997
Sub-Total	13 621	43 180
Senekal/Matwabeng		
Senekal		3 600
Matwabeng Extension 4		10 146
Matwabeng Extension 5		2 564
Matwabeng Extension 6		486
Matwabeng SP		1 077
Matwabeng Zone 1		1 344
Matwabeng Zone 2		6 223
Matwabeng Zone 3		1 134
Sub-Total	9 387	26 574
Clocolan/Hlohlolwane		
Clocolan		1 441
Diamong		1 018
Dipotomaneng		1 713
Hlohlolwane Extension 6		6 905
Mandela Park		1 748
Matikareng		1 046
Mokodumela		1 079
Ntsharebone		812
Sunflower Park		2 129
Thethe		712
Sub-Total	6 219	18 603
Rural Settlement		
Farming Areas	2 913	13 130
Informal Settlement	1 000	-
Sub-Total	3 913	13 130
Total	37 600	117 951
T 1.2.6		

Natural Resources	
Major Natural Resource	Relevance to Community
Caledon River	Water
Sandstone	Mining
Diamond	Mining
Cherries	Agriculture
Asparagus	Agriculture
Peaches	Agriculture
Appels	Agriculture
T 1.2.7	

Chapter 1

COMMENT ON BACKGROUND DATA

The background data is mainly in terms of census 2011 and some of Community Survey 2016 as provided by the Statistic South Africa, which is the reason as to why the information is only given in the sub-totals in the number of households. The information from Statistic South Africa is aggregated to a ward level not as per the way the template is designed. This challenge needs to be addressed when the template is being reviewed.

We also need to have mechanisms as to how we account for the information during and in between the censuses as it is not captured in the template. The above shows a 4% population growth between 2011 and 2016 period. The average population growth of the Free State Province is 2%.

T 1.2.8

Chapter 1

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The Constitutional objectives for local government are set in section 152 and are as follows:

- To provide democratic and accountable government of local communities
- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote a safe and healthy environment
- To encourage the involvement of communities and community organisation in matters of Local Government

A central challenge for municipality has been its viability and ability to build strong department capable of delivering on the principles of section 53 of the Constitution which states that:

...‘A municipality must structure and manage its administration and budgeting and planning process to give priority to the basic needs of the community, and to promote the social and economic development of the community and participate in national and provincial development programmes’.

‘If the municipality can achieve the above objectives consistently, within the financial and administrative capacity, it could be described as a functional, well-performing municipality’. The following are the focus areas of the municipality:

Universal access to water

All households within the municipality have access to water above the minimum service level.

Universal access to sanitation

All households within the municipality have access to sanitation above the minimum service level.

Universal access to electricity

All households within the municipality have access to electricity above minimum service level.

Eradication of informal settlement

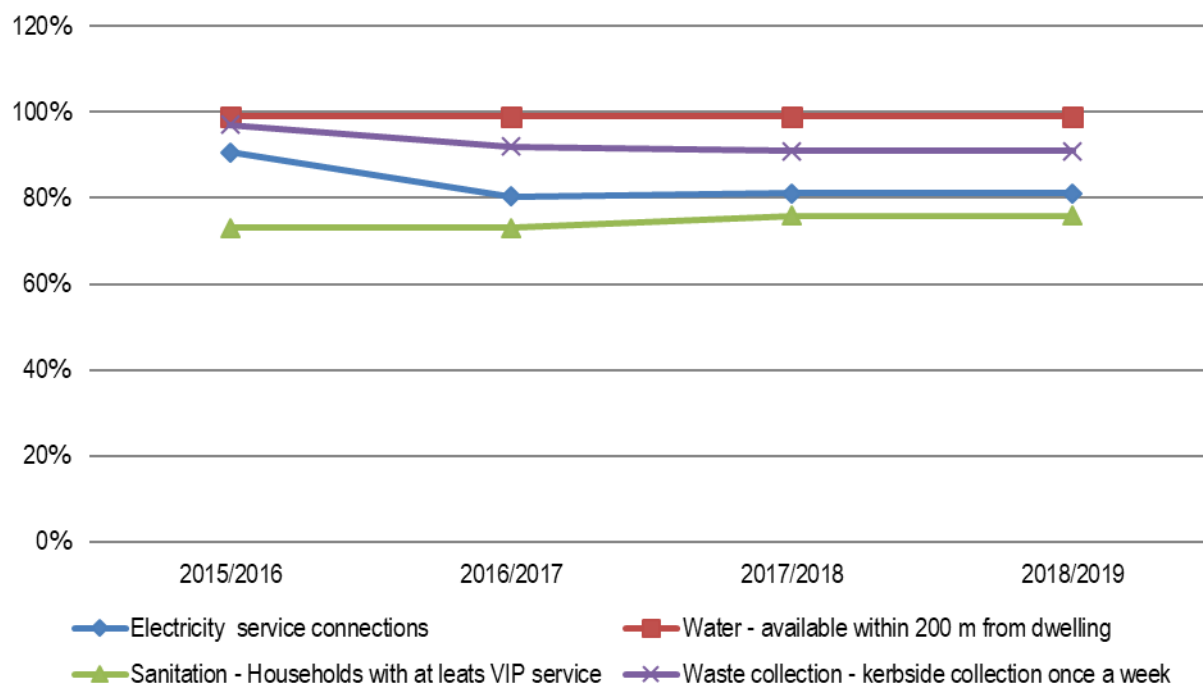
The municipality is not a housing authority, in collaboration with the Free State Department of Human Settlement it is ensuring that houses are provided. The land is identified and acquired that is utilised for township establishment and assurance is done on the necessary studies and applications for township establishment.

The process of finalising the rolling-out Spatial Planning and Land Use Management Act, 16 of 2013, has been completed and the municipality is confident that the process will kick-start smoothly from the beginning of the next financial year and that it will impact positively in our endeavours to eradicate informal settlements.

T 1.3.1

Chapter 1

Proportion of households with access to basic services



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES

Over the years the municipality has been increasing its ability to provide services to local communities and the below is highlighted:

- Provision of water has been almost to the maximum;
- Electricity has been minimal over the fifteen-year period;
- Sanitation lacked behind and the municipality is doing all in its power to address the situation; and
- Provision of domestic refuse collection is once a week with a collection rate of 91%, businesses are serviced once a week or as per arrangement and the central business areas are cleaned daily, seven (7) days a week.

T 1.3.3

Chapter 1

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The municipality ensured that spending is limited against the approved adjustment budget of the municipality, however there were situations that could not be avoided that lead municipality to exceed the budget.

T 1.4.1

Financial Overview: 2018/2019				R' 000
Details	Original budget	Adjustment Budget	Actual	
Income:				
Grants	278 610	285 968		295 148
Taxes, Levies and tariffs	242 243	277 423		285 050
Other	30 697	36 110		4 341
Sub Total	551 550	599 501		584 539
Less: Expenditure	-658 107	-696 618		-448 139
Net Total*	-106 557	-97 117		136 400

T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	32%
Repairs & Maintenance	0,6%
Finance Charges & Impairment	20%

T 1.4.3

COMMENT ON OPERATING RATIOS:

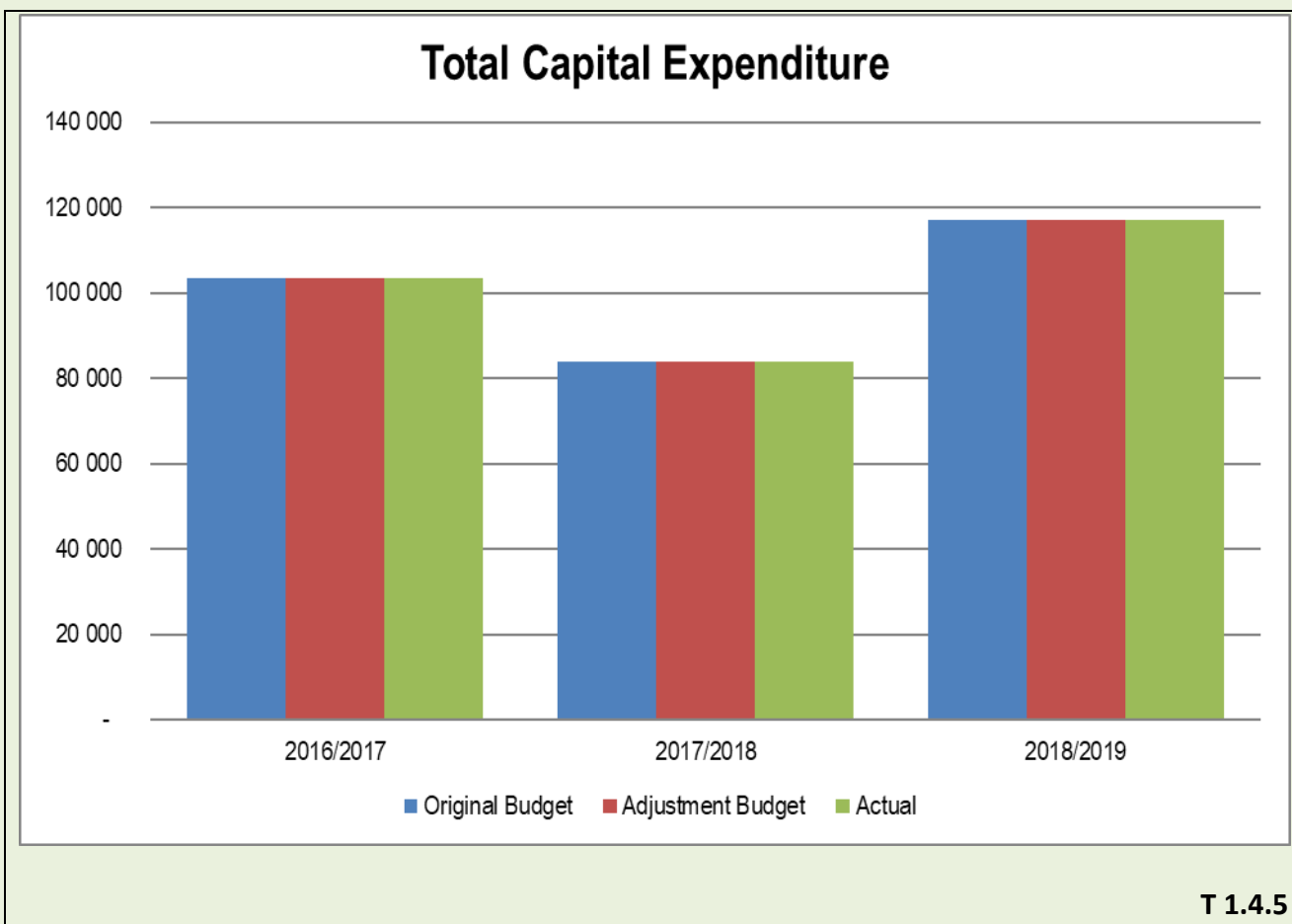
Employee costs represent 32% of the total revenue which is within the norm. repair and maintenance ratio are 0,6% and well below the norm of 6%. Finance charges and impairment represents 20% of revenue and represent a fair presentation.

T 1.4.3

Total Capital Expenditure: 2016/2017 to 2018/2019				R'000
Detail	2016/2017	2017/2018	2018/2019	
Original Budget	103 396	83 997		116 965
Adjustment Budget	103 396	83 997		116 965
Actual	103 396	83 997		116 965

T 1.4.4

Chapter 1



COMMENT ON CAPITAL EXPENDITURE

The municipal's capital expenditure was decreased by 23% from the 2016/2017 financial year and increased by 28% from the 2017/2018 financial year, the allocation which was as follows: 2016/2017: R 103 396 million, 2017/2018: R 83 997 million and 2018/2019: R 116 965 million. The municipality's capital expenditure was in line with the adjustment budget and was mainly funded by grants and subsidies

T 1.4.5.1

Chapter 1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipal workforce is made up of 826 employees. The Department of Corporate Services renders a support service regarding employee management, employee expenditure, employee relations and employee development.

➤ Recruitment and Selection

The following decision were taken:

- All sections 54A and 56 Managers positions have been filled since 2012 and some critical position filled after the approval by Council on the 07 February 2014.
- The entire organisational structure needs to be phased in by the end of the financial year 2018/2019.
- That temporary employees must not be appointed on a full-time position, however, those who have been appointed temporary for over a period of 12 months be appointed permanently in line with amended Labour Relations Act 2014, section 198B.
- That our organisational structure be reviewed to critically relook into the feasibility and sustainability of having 509 vacant positions, most of which are not necessary.
- Increase capacity on Human Resources Management Division to find incumbents who will deal with the issue of policy development/plans and reviews.
- That the process of job evaluation be speeded up to enable a process of performance to unfold. That a Labour Relations section be capacitated to enhance the speedy resolution of disciplinary matters.

➤ Organisational Development

The municipality has embarked on an intensified process of finalising all the outstanding job descriptions, this process was started before the end of the year under analysis. All the relevant Human Resource Policies are in place and adopted by council.

The municipality, during its processes of moving into automation of the Performance Management System, has proposed that the motto from the next term of council be “Good to Great”, which will be replacing “Re Sebeletsa Katleho”.

The Electronic Performance Management System will be tested in the first quarter of the new financial year and will be rolled out fully by the third quarter. The municipality is striving to be fully compliant by the end of 2018/2019, if it cannot receive a clean audit for the period under review, it is going to happen at the end of the new financial year.

➤ Employee Wellness

The programme is well underway, and all our employees receives the necessary attention and referrals when needed.

T 1.5.1

Chapter 1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2018/2019

The municipality received a qualified audit opinion on both the annual financial statements and annual performance report information. The basis of qualified opinion was:

Annual Financial Statements

- Property plan and equipment
- Service charges
- Receivables from non-exchange transactions

Annual Performance Report

The Auditor general of South Africa performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. The Auditor general of South Africa further performed procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

The Key Performance Area: Service Delivery and Infrastructure was selected for audit purpose and the following material findings were made:

- The reported achievement of 100% for target of 100% is not reliable as the municipality did not maintain adequate records to enable reliable reporting on the achievement of targets
- The reported achievement in the annual report did not agree with the supporting evidence provided for the indicators listed
- The source information of evidence for achieving planned indicators were not clearly defined
- Indicators approved in the Service Delivery and Budget Implementation Plan were not included in the annual performance report

A detailed audit report is included in Chapter 6 of this document.

T 1.6.1

Chapter 2

STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	August
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September - October
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

T 1.7.1

COMMENT ON THE ANNUAL REPORT PROCESS:

The compilation of the annual report went smoothly, although there were some difficulties regarding meeting the deadline for submission of information. The alignment between the planning documents and the reported performance document have been reviewed and quality assured. Portfolio of evidence have also been reviewed and quality assured to ensure that the reported actuals are exactly as contained in the portfolio of evidence. This report is credible, accurate and valid and would ensure that it complies with the criterion set for the usefulness and reliability of performance information for the year under review.

T 1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

In its most abstract sense, governance is a theoretical concept referring to the actions and processes by which stable practices and organisations arise and persists. These actions and processes may operate in formal and informal organisations of any size; and they may function for any purpose, good or evil, for profit or loss. Conceiving of governance in this way, one applies the concept to the state, to corporations, to non—profits, to non-governmental, to partnerships and other associations, to project teams, and to any number of human engaged in some purposeful activity.

Most theories of governance as a process arose of neo-classical economics. These theories build deductive models, based on the assumptions of modern economics, to show how rational actors may come to establish and sustain formal organisations, such networks and practices for governing the commons. Most of these theories draw on transaction cost economic. Underneath are examples of combination of different governance processes that are pertinent in our municipality, which are not going to be explained further:

- Public Governance;
- Participatory Governance; and
- Contemporary Governance.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Setsotho Local Municipality is a category B Municipality with an Executive Mayoral Committee with Ward Participatory System, the council has its committees (Section 80 Committees) including Audit and Performance Audit Committee and Municipal Public Accounts Committee (Section 79 Committees). The council 's role is to debate issues publicly and to facilitate political debate and discussion, the council plays a very active role in the operations of the municipality.

Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area. Political and administrative governance in the municipality consists of a set of processes, customs, policies, laws, regulations and institutions affecting the way people direct, administer or control an organisation. Political and administrative governance also includes the relationships amongst the many role-players involved in the organisation. The principal role-players include communities, management and councillors. Other stakeholders include employees, service providers, customers, businesses, political parties, other organisations and regulators.

T 2.1.0

Chapter 2

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The municipality consist of thirty-three councillors, of which seventeen are ward councillors and sixteen are party proportional representative councillors. Of these twenty-one are from the African National Congress, five are from the Democratic Alliance, three are from United Front of Civics, three from the Economic Freedom Fighters and one from the Freedom Front+. The Council consist of the Speaker, the Executive Mayor and the Members of the Mayoral Committee responsible for the following committees:

T 2.1.1

POLITICAL STRUCTURE

EXECUTIVE MAYOR

Maoke Nthateng Alice

SPEAKER

Mokhuoane Krog Sexton

MAYORAL COMMITTEE

Khitsane Nthatisi Petronella

Selasi Motsamai William

Koalane Komane Elias

Taylor Nnini Annie

Hlakane Moeketsi

COUNCILLORS

Setsoto Local Municipality is a category B Municipality with an Executive Mayoral Committee with Ward Participatory System, the council has its committees (Section 80 Committees) including Audit and Performance Audit Committee and Municipal Public Accounts Committee (Section 79 Committees). The political distribution of Council comprises of 21 Councillors of the African National Congress (ANC), 5 Councillors of Democratic Alliance (DA), 3 Councillors of Economic Freedom Fighters (EFF), 3 Councillors of United Front of Civics (UFC) and 1 Councillors of Vryheid Front Plus (VF+) , consisting of 33 Councillors in total of which 17 are Ward Councillors and 16 are PR Councillors The council's role is to debate issues publicly and to facilitate political debate and discussion. The council plays a very active role in the operations of the municipality.

Chapter 2

Apart from functions as decision makers, councillors are also actively involved in community work and various social programmes in the municipal area. Political and administrative governance in the municipality consists of a set of processes, customs, policies, laws, regulations and institutions affecting the way people direct, administer or control an organisation. Political and administrative governance also includes the relationships amongst the many role-players involved in the organisations. The principal role-players include communities, management and councillors. Other stakeholders include employees, service providers, customers, businesses, political parties, other organisations and regulators.

- Appendix A provides a list of all Councillors including their committee allocations and attendance of Councillors Meetings for the 2017/2018 financial year.
- Appendix B provides a list of all Committees of Council and their purpose

<u>Name</u>	<u>Political Party</u>	<u>Gender</u>
Mokhuoane Krog Sexton	African National Congress	Male
Maoke Nthateng Alice	African National Congress	Female
Tailor Nnini Alice	African National Congress	Female
Khitsane Nthatisi Petronella	African National Congress	Female
Selasi Motsamai William	African National Congress	Male
Koalane Komane Elias	African National Congress	Male
Hlakane Moeketsi	African National Congress	Male
Kogo Palesa Elizabeth	African National Congress	Female
Strydom Evert Phillip	Democratic Alliance	Male
Mokhele Modise Moses	Democratic Alliance	Male
Mathuhle John Motsamai	Democratic Alliance	Male
Schee Pulane Constance	Democratic Alliance	Female
Lipoko Ratsholwane Shadrack	Economic Freedom Fighters	Male
Makhubu Ntshali Selina	Economic Freedom Fighters	Female
Mohosho Andronika Modiehi	Economic Freedom fighters	Female
Matsau Malefane Patrick	United Front of Civics	Male
Makhalanyane Tieho George	United Front of Civics	Male
Moipatli Chere Daniel	United Front of Civics	Male
Heymans M C	Vryheid Front Plus	Female
Mothibeli Moselantja mercy	African National Congress	Female
Selikane Thabiso Shadrack	African National Congress	Male
Mthimkulu Mamotena Lydia	African National Congress	Female
Ralehlatsi Mahlomola Klass	African National Congress	Male
Makobane Serame Ishmael	African National Congress	Male
Khatlake Ntema Peter	African National Congress	Male
Jakobo Tsheliso Bernard	African National Congress	Male
Mthimkhulu Thabo Isaac	African National Congress	Male
Vries Isak	Democratic Alliance	Male
Semahla Mookho Hilda	African National Congress	Female
Matobako Puseletso Constance	African National Congress	Female
Sellane Matieho Theresa	African National Congress	Female
Mokoena Teboho Jacob	African National Congress	Male
Mavaleliso Paka Isaac	African National Congress	Male

T 2.1.2

Chapter 2

POLITICAL DECISION-TAKING

Decision making within the municipality is guided by its Delegation of Powers and Functions as well as Legislative requirements. Various structures comprising of Management Meetings, Section 80 Committee Meetings, Mayoral Committee Meetings and Council Meetings consider recommendations and make decisions within their delegated powers.

In 2018/2019 a total of 490 items were resolved by the Mayoral Committee with 100% implementation and a total of 133 items were resolved on by Council also with 100% implementation. The implementation of resolutions is monitored through circulation of resolutions with report back on implementation which is then submitted to Mayoral Committee or Council for monitoring purposes.

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The municipal administration can be defined as a multilevel governance. This is widely defined as governing of the governing. It represents established ethical principles or norms that shape and steer the entire governing process. The quality of governance that the municipality is displaying is that of good governance, this relates to consistent management, cohesive policies, guidance processes and decision rights for a given area of responsibility, and proper oversight and accountability. Administrative governance is defined as the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes:

- Ethical culture;
- Good performance;
- Effective control; and
- Legitimacy

Ethical and effective leadership should complement and reinforce each other. Ethical leadership is exemplified by integrity, competence, responsibility, accountability, fairness and transparency. It involves the anticipation and prevention, or otherwise amelioration, of negative consequences of the organisations activities and outputs on the economy, society and the environment and the capitals that it uses and affects.

Effective leadership is results-driven, it is about achieving strategic objectives and positive outcomes. Effective leadership includes, but goes beyond, an internal focus on effective and

Chapter 2

efficient execution. The council's primary governance role and responsibilities are part of the dynamic of the municipality's business cycle. This role and responsibilities include to steer the municipality and set its strategic direction, based on which management will develop the strategy which is approved by the council.

To give effect to the municipality's strategy, management formulates policy and operational plans, also approved by council. Management then, implements and executes the strategy in accordance with policy and plans which are overseen and supervised by the council. The council finally ensures that there is accountability for municipal performance through, among others, reporting and disclosure. The latter in turn forms the basis for reviewing strategic directions which starts the business cycle anew.

The municipality's administrative governance structure deeply intersects with its council governance structures. The Municipal Manager is the Accounting Officer. He is supported by the four functional area structures, including the Audit and Performance Audit Committee, Risk Management Committee and the Information and Technology Steering Committee. The very important base of our administrative governance structures, however, consists of the following functional area

- Office of the Municipal Manager;
- Department of Corporate Services;
- Department of Engineering Services;
- Department of Development planning and Social Security; and
- Department of Treasury Services.

The functional areas are headed by the Directors who are appointed on a five year fixed term in terms of Section 56 of the Local Government: Municipal Systems Act, 32 of 2000, as amended, many of whom contribute to the achievement of the municipality's objectives as contained in the municipality's approved Integrated Development Plan 2018/2019, Budget 2018/2019, Service Delivery and Budget Implementation Plan 2018/2019. The Directors are responsible for their functional areas and cross functional areas, and responsible for functions highly specific to their functional areas programmes.

The cross-functional areas are headed by the Divisional Managers. A look at the responsibilities of the Directors and Divisional Managers shows how each contributes to the municipality's ultimate outcome through their functional specific strategic goal, and these are:

- To provide strategic leadership to the operational activities of the municipality;
- Development of corporate service excellence;
- To provide competitive, effective, sustainable-economical infrastructure network and service delivery;
- Providing effective community services and promotion of local economy; and

Chapter 2

- Sound financial management. (The planning, monitoring, organising and controlling of the monetary resources of the municipality)

This is where the matrix structure of our organisation comes in-operations informs the demand of the human resources capital including financial resources injections. Functional and cross-functional areas, however, have no formal decision-making powers in terms of legislation. While proposals for executive and legislative decisions often emanate from the areas, approval flows through the municipal governance structures. (Management Committee, Section 80 Committees, Mayoral Committee and Council.

T 2.2.1

Top Administrative Structure	Function
Ramakarane Simon Tshepiso Rankhotho	Municipal Manager
Marx Manita	Acting Chief Financial Officer
Zondo Themba	Director Development
	Planning and Social Security
Skosana Sabata	Acting Director Corporate
Radiopane Mohapi	Services
	Acting Director Engineering
	Services
Middle Management	
Office of the Municipal Manager	
Manager Office in the of the Municipal Manager-Vacant	Operations and Unit Support
Manager IDP	Integrated Development
	Planning and Performance
	Management System
Chief Audit Executive	Quality Assurance
PA to Speaker	Public Participation
PA to Executive Mayor	Governance and Oversight
Department of Treasury Service	
SCM Manager	Supply Chain Management
Budget and Reporting Manager	Budget and Reporting
Revenue Manager	Revenue Management
Expenditure Manager	Expenditure Management
Asset Manager	Asset Management

Chapter 2

Department of Corporate Services

Human Resources Management Manager
Human Resources Development Manager
Payroll Manager
Legal and Contract Manager
Administration and Support Manager

Personnel Management
Workforce Capacitation
Personnel and Third-Party
Payments
Legal Services and Contract Management
Council Support
Management

Department of Engineering Services

Manager Electricity

Manager Roads and Storm Water

Manager Bulk Water and Sewer

Manager Water and Sewer Operations and Maintenance

Manager Housing

Manager Project Management Unit

Provision and maintenance
of electricity infrastructure
Provision and maintenance
of roads and storm water
infrastructure
Provision and maintenance
of bulk water and sanitation
infrastructure
Maintenance of water and
sewer network
Provision of human
settlements and property
maintenance
Acquisition, implementation
and monitoring of capital
projects

Department of Development Planning and Social Security

Manager Parks and Cemeteries-Vacant

Manager Waste Management
Manager Local Economic Development
Manager Public Safety-Vacant

Parks and cemetery
Management
Refuse Removal
Local Economy
Safety and Security

T 2.2.2

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Our people's focus is mainly on the audited financial statements and the Auditor General of South Africa's Report on those audited annual financial statements, but they do not consider the effort and intergovernmental interactions that took place to produce such credible annual financial statements. During the year under examination, a lot of intergovernmental activities took place to ensure that communities receive sustainable, uninterrupted services daily. There have been a lot of interdepartmental, sector departmental meetings that took place to ensure that challenges are identified and mitigated upon as soon as possible to ensure smooth running of the administration and service provision.

The systems that are in place included processes through which the municipality's objectives are set and pursued in the context of social, regulatory, political, technological, economical and market environment. These included mechanisms put in place to monitor actions, policies and decisions of the municipality and its service providers. South Africa has an intergovernmental system that is based on the principle of cooperation between the three spheres of government-local, provincial and national. While responsibility for certain functions is allocated to a specific sphere, many other functions are shared among the three spheres.

However, the Constitution specifically envisages that as municipalities develop the necessary capacity, the administration of many functions that are currently the responsibility of national and provincial governments will be assigned to municipalities. Whilst this has been taking place, very often the devolution has only been partial-with municipalities not being given the necessary funds, scope of responsibility or without their being subject to clear forms of accountability for their performance. Over the medium-term, government is planning for more functions to be devolved to municipalities.

There is therefore a need for clear principles to guide such assignments to ensure that there are appropriate incentives, funding and accountability arrangements. The assignment of functions to local government has a direct bearing on the local fiscal framework. Ideally, the framework should provide municipalities with access to revenue sources that are commensurate with powers and functions that they are responsible for. In this regard, it is important to keep in mind that the whole local government fiscal framework is designed to fund local government, and not just the transfers from national government

T 2.3.0

Chapter 2

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The following intergovernmental for a play an important role in cooperative governance and in shaping policy and resource decisions:

Extended Cabinet

This is made up of National Cabinet Ministers, extended to Provincial Premiers and the Chairperson of South African Local Government Association. It is the highest cooperative governance mechanism, advising the national cabinet when it finalises the fiscal; framework and the division of revenue on which the Medium-Term Expenditure and Revenue Framework budgets are based.

The President's Coordinating Council

Chair of this forum is the President of the country and it constitutes nine provincial Premiers, the Chairperson of South African Local Government Association, Executive Mayors' of Metros and the National Ministers responsible for cross-cutting functions such as provincial and local government affairs, public service and administration, and finance. Other Ministers may be invited to participate.

The Budget Council and Budget Forum

Established in terms of the Intergovernmental Fiscal Relations Act of 1997. The Budget Council consists of Minister of Finance and the Members of the Executive Councils responsible for finance in each province. The Budget Forum consists of the members of the Budget Council plus the representatives of South African Local Government Association It provides a forum for discussing financial matters relating to the local government fiscal framework.

MinMec

These are sectoral fora made up of national ministers for concurrent functions and their provincial counterparts. South African Local Government Association represents local government on a number of these fora.

T 2.3.1

Chapter 2

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Over and above the provincial structures as stated above being in the province, the following are the once that the municipality is participating actively in:

- Provincial Waste Management Forum;
- Free State Traffic Management Committee;
- Free State Umbrella Fire Protection Association;
- Provincial Fire and Disaster Advisory Forum;
- Cross Border Crime Prevention Forum;
- Provincial Security Managers Forum;
- South African Emergency Services Institute;
- Provincial IDP Managers Forum;
- Provincial Planning Forum; and
- Provincial PMS Forum

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality does not have a municipal entity

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

The following are at the district level:

- District Municipal Chief Fire Officers Forum
- District Disaster Management Forum
- Thabo Mofutsanyana District Municipality Traffic Management Committee
- Thabo Mofutsanyana District IDP Manager's Forum
- Thabo Mofutsanyana District PMS Manager's Forum
- Thabo Mofutsanyana District Internal Auditor's Forum
- Thabo Mofutsanyana District Communicator's Forum

T 2.3.4

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Goal 16 of the 2030 Agenda for Sustainable Development calls for the promotion of peaceful and inclusive societies for sustainable development, the provision of access to justice for all and building effective, accountable and inclusive institutions at all levels. Specifically target 16.7 addresses the need for responsive, inclusive, participatory and representative decision-making.

In this connection, we have been focusing on supporting national efforts to promote open, transparent and inclusive participation and decision-making in development. We assisted governance structures in improving their responsiveness to public needs and engagement of people in the development process. This included the development and approval of the IDP Review Process Plan 2017/2018 with programme of Action and Budget Costs, the e-participation, as well as the promotion of the use of open municipal data, to improve accountability, combat corruption and enhance the delivery of public services.

For those who look at issues of governance and the development from the perspective of citizens, it is both the right and the responsibility of citizens to participate in accounting for themselves and in holding other actors to account. If social exclusion and discrimination are reversed, it is particularly important for governments and aid agencies to be accountable to marginalised and excluded citizens. Involving such citizens in accountability initiatives calls for particularly innovative and far-reaching participatory process.

The Integrated Development Planning and Performance Management Division of the municipality is involved in designing, implementing and supporting and evaluating initiatives that works towards different aspects of accountability, including accountable governance and accountable aid. The division work not only to facilitate participation in such initiatives and strengthen citizens' voices, but also to understand and address the underlying power relations in our accountability work. Accountability takes many forms, but go on to describe the two key components of most accountability relationships:

- Answerability-the right to get a response, and the obligation to provide one; and
- Enforceability-the capacity to ensure that an action is taken, and access to mechanisms for redress.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

There were no structured meetings for the year under review except were the ward councillors called their ward meetings, the Executive Mayor during her IDP/Budget Roadshows and when the IDP conducted IDP Community Representative Fora.

T 2.4.1

WARD COMMITTEES

Subject to the provisions of the Free State Provincial Guidelines on the Establishment and Functions of the Ward Committees, the object of the ward committees is to enhance participatory democracy in local government. Ward Committees are therefore entitled to make recommendations on any matter affecting their wards to the Ward Councillor or through the Ward Councillor to the Speaker, Executive Mayoral Committee, Executive Mayor and the local council:

- a) Section 59 of the Municipal Structures Act 2000 stipulates that a ward committee must have such duties and responsibilities as may be delegated to it by the local council,
- b) On top of that, they must assist the ward councillor in identifying conditions, challenges and the needs of residents,
- c) They must spread information in the ward concerning municipal affairs such as budget, community-based planning, integrated development planning, service delivery improvement plan and municipal properties,
- d) On the other hand, to receive queries and complaints from ward residents concerning municipal service delivery, communicate it to municipal council and provide feedback to the community on the council response,
- e) In conclusion, to ensure consultative and harmonious interaction between the municipality and community through the use and coordination of ward residents' meetings and other community development forums.

➤ Major issues ward committee system attended into during 2018 and 2019 financial year

- a) In the first instance, they have participated both in Setsoto Local Municipality and Thabo Mofutsanyana District Municipality;
- b) Municipality's Integrated Development Planning and Budget roadshows;
- c) Ward Committees have also played a very considerable role in the process of Municipal Indigent Registration, wherein they have assisted in the completion of forms and referring community members to various government departments to get necessary information or documents;

Chapter 2

- d) They have also attended the ward committee and ward meetings with their respective councillors;
- e) Most importantly, the ward committees have telephonically, via their councillors or viva voice submitted challenges relating to service delivery to the office of the Speaker as well as to Customer Care Office; and
- f) They have assisted the department of human settlement on IDP household profiling.

T 2.4.2

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

- Passing of by-laws will alleviate illegal immigrants from conducting their businesses illegally and using business sites as sleeping areas;
- Removal of bucket toilets and dumping sites will free community members from unhygienic conditions;
- Change of ownership and offering of title deeds will assist the municipality to know people eligible for indigent and those who are supposed to pay their services;
- Employment of people will capacitate those employed to pay for their services;
- Installation of road signs and humps will minimise road accidents; and
- The said by-laws will further stop animals wandering in our towns and townships.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

T 2.5.1

Chapter 2

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices and processes by which organisation is directed and controlled. Corporate governance essentially involves balancing the interests of the organisation's many stakeholders, such as shareholders, management, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining the organisation's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance management measurement and corporate disclosure.

Governance refers specifically to the set of rules, controls and resolutions put in place to dictate corporate behaviour. Proxy advisors and shareholders are important stakeholders who indirectly affect governance, but these are not examples of governance itself. The board of directors is pivotal in governance and it can have major ramifications for equity valuation. The board of directors is the primary direct stakeholder influencing corporate governance. Directors are elected by shareholders or appointed by other board members, and they represent shareholders of the company.

The board is tasked with making important decisions, such as corporate officer appointments, executive compensation and dividend policy. In some instances, board obligations stretch beyond financial optimization, when shareholder resolutions call for certain social or environmental concerns to be prioritised. Boards are often made up of inside and independent members. Insiders are major shareholders, founders and executives. Independent directors do not share the ties of the insiders, but they are chosen because of their experience managing or directing other large companies. Independents are considered helpful for governance because they dilute the concentration of power and help align shareholder interests with those of insiders.

Bad corporate governance can cast doubt on a company's reliability, integrity or obligation to shareholders-which can have implications on the company's financial health. Tolerance or support of illegal activities can create scandals. Companies that do not cooperate sufficiently with auditors or do not select auditors with appropriate scale can publish spurious or non-compliant financial results. Bad executive compensation packages fail to create optimal incentive for corporate officers. Poorly structured boards make it too difficult for shareholders to oust ineffective incumbents.

Good corporate governance creates a transparent set of rules and controls in which shareholders, directors and officers have aligned incentives. Most organisations strive to have a high level of corporate governance. For many shareholders, it is not enough for an organisation to merely be profitable; it also needs to demonstrate good corporate citizenship through environmental awareness, ethical behaviour and sound corporate governance practices.

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Since the adoption of the Municipal Finance Management Act of 2003 Section 62(1) (a), (c) (i), which stipulates the following:

- The accounting officer of the municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure;
- That the resources of the municipality are used effectively, efficiently and economically;
- That the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control; and
- That the Treasury Regulations issued in terms of the Act infused the public service with a municipal culture, which must add to its emphasis on external sanctions and include stronger internal controls with anticipatory management systems to assess the abuse of power, which is the central principle of risk management.

This is why risk management should be central to managing the municipality as a whole, and why risk management should be integral to planning, organising, directing and coordinating systems aimed at achieving the municipality's goals and objectives. One of the most important mandates is the development and implementation of an integrated risk management strategy whose major objective is to encourage best practice within an evolving government service delivery strategy, while minimising the risks and ensuring that municipality meets its set objectives.

Since the adoption of the reviewed organisational structure no changes have been made to capacitate the risk management unit in order to make the unit more effective. One of these changes was to identify the position of a Chief Risk Officer and the Manager in the Office of the Municipal Manager.

The idea was that the overall responsibility of risk coordination and management was to be that of the Manager in the Office of the Municipal Manager with the Chief Risk Officer reporting to the Manager in the Office of the Municipal Manager and the Risk Officer Reporting to the Chief Risk Officer. Many risks have been identified, minimized, controlled and mitigated during the year under review.

The following are the highlights of the Risk Management activities of the municipality during the year under review:

- Improvement in provincial treasury's assessment ratings
- Most departments have managed to minimise identified risks within their divisions
- Promotion of enterprise risk management culture within the organisation through workshops
- Development of a draft Business Continuity Plan

There is a proper correlation between the Risk Management Unit, the Internal Audit Unit and the Integrated Development Plan/Performance Management Systems Division within the municipality, and it is envisaged that with the filling of the vacant posts in the unit this correlation can only be enhanced.

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Fraud Prevention Strategy seeks to focus attention at the macro strategic level in the first instance. It then provides a schema for assessing matters and actions to be addressed at the detailed level. It is important for the Municipality to have a strategy that is highly prescriptive in nature when dealing with issues of fraud and corruption. It is essential that Setsoto Local Municipality promotes a zero-tolerance approach to Fraud and corruption.

The commitment, by all officials is to mitigate fraudulent activities and to report when fraud occurs and should be dealt with thoroughly without leniency. During the year under review the municipality made efforts to educate employees and community members with issues of fraud and corruption that are affecting the Municipality through Public participations and workshops. The following are the highlights of the Fraud and corruption activities of the municipality during the year under review:

- There was anti- fraud and corruption hot line launch held in Clocolan where many stakeholders were invited to present and discuss issues of fraud and corruption.

All the Unauthorised, Irregular, Wasteful and Fruitless Expenditure is being dealt with according to Circular 68 and section 32 of the Municipal Finance Management Act, 56 of 2003. All processes followed is that the register is completed and tabled to the Assets and Liability Committee which then submit their recommendations to the Municipal Public Accounts Committee for investigations and recommendation to council. Council will then either, condone, authorise, recoup and/or take legal actions against whoever is liable to the allegations

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Supply Chain Management processes are being updated on ongoing basis to ensure better compliance with the Municipal Finance Management Act, 56 of 2003 and the Regulations issued under the Act. The policy was reviewed during the 2017/2018 financial year. Other policies are aligned to supply chain processes and will assist to all guide all Supply Chain Management role-players relative to sections 47 and 48 of the Municipal Finance Management Act, 56 of 2003 Regulation. No Councillors serve on any Supply Chain Management Committee.

Chapter 2

A total of twenty full bids and thirty-one formal written quotations were processed during the year under review. The average turnaround time on the awarding of bids remains two months from date of advert to appointment. Deviations from SCM policy are compiled and reported to Council. In the limited number of cases where this occurred, it was for justifiable reasons. Our Supply Chain Management Policy is deemed to be fair, equitable, transparent, competitive and cost effective and comply with prescribed regulatory for Municipal Supply Chain Management as participation to our processes are from all corners of the country.

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during 2018/2019					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Draft Public Passenger and Goods Transportation Bylaw		No Public Participation will unfold in 2019/2020	N/A - Adopted as draft 28/03/2019	For Comments - Yes	Jul-19
Standard Business Regulations Bylaw		Public Participation will unfold in 2019/2020	N/A - Adopted as draft 28/03/2019	For Comments - Yes	Jul-19

T 2.9.1

COMMENT ON BY-LAWS

Two new bylaws were adopted as drafts by council on 28 March 2019. Internal processing was dealt with and bylaws were submitted for public in the Provincial Gazette, however it would only be published in July 2019 thereafter the public participation will unfold, and bylaws will be prepared and submitted for final approval by council.

T 2.9.1.1

Chapter 2

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	10-07-2018
All current budget-related policies	Yes	05-04-2018
The previous Annual Report 2017/2018	Yes	01-02-2019
The Annual Report 2018/2019 to be published	N/A	30-07-2019
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2018/2019) and resulting scorecards	Yes	02-07-2018
All service delivery agreements 2018/2019	Yes	22-06-2018
All long-term borrowing contracts 2018/2019	N/A	
All supply chain management contracts above a prescribed value (give value) for 2018/2019	N/A	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2019/2020	N/A	
Contracts agreed in 2018/2019 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
Public-private partnership agreements referred to in section 120 made in 2018/2019	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during 2018/2019	Yes	02-11-2018
<i>T 2.10.1</i>		

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The Setsoto website serves as an integral part of a Setsoto Local Municipality's communication infrastructure and strategy. It allows easy access to relevant information, serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. The role of Setsoto Local Municipality's website, as platform for information dissemination, participation and disclosure has been significantly catered for in various pieces of legislation, including:

- The Local Government Municipal Systems Act No 32 of 2000 ("the Systems Act");
- The Local Government Municipal Financial Management Act No 56 of 2003 ("the MFMA"); and
- The Municipal Property Rates Act, no 6 of 2004 ("the MPRA").

T 2.10.1.1

Chapter 2

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

No public satisfactory surveys were done during the year under review

T 2.11.1

Satisfaction Surveys Undertaken during 2017/2018 and 2018/2019				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)
Overall satisfaction with:				
(a) Municipality	No survey conducted			
(b) Municipal Service Delivery	No survey conducted			
(c) Mayor	No survey conducted			
Satisfaction with:				
(a) Refuse Collection	No survey conducted			
(b) Road Maintenance	No survey conducted			
(c) Electricity Supply	No survey conducted			
(d) Water Supply	No survey conducted			
(e) Information supplied by municipality to the public	No survey conducted			
(f) Opportunities for consultation on municipal affairs	No survey conducted			

T 2.11.2

Concerning T 2.11.2

No public satisfactory surveys were done during the year under review

T 2.11.2.1

COMMENT ON SATISFACTION LEVELS:

No public satisfactory surveys were done during the year under review

T 2.11.2.2

Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Municipalities are the most basic units of government in the country and are tasked with providing basic services and fostering development in the regions they control. Local government in South Africa is largely understood in terms of service delivery and the South African Constitution (Act No. 108 of 1996) assigns municipalities the role to mobilise economic resources towards the improvement of the lives of all citizens.

Basic services are the fundamental building blocks of improved quality of life, and adequate supplies of safe water and adequate sanitation are necessary for life, well-being and human dignity. Tremendous progress has been made over the past few decades in the delivery of basic services. The Community Survey 2016 found that 89,8% of households used piped water, that 63,4% used flush toilets connected to either the public sewerage or to a local septic system, that 63,9% of households receive refuse removal services, and finally, that 87,6% of households had access to electricity.

These headline figures, however, hide a lot of variation across provinces, district councils and between local municipalities. Households living in rural municipalities usually have access to far less, and usually also more inferior services to those living in wealthier, particularly more urban municipalities. Although the reasons for the existence of backlogs differ by service and between municipalities, part of the reason relate to the legacy of unequal development which still haunt former homeland areas, high levels of poverty that limit households' ability to pay for services, as well as the practical constraints of extending services to far off rural areas or densely populated informal areas at great expense to the local municipality.

Although certain 'gold' standards have been set for each service, such as the provision of flush toilets, the provision of running water in the dwelling, or weekly kerbside refuse removal, financial and practical constraints have forced municipalities to provide a variety of service levels in order to meet the very basic needs of residents. Since using a single measure of household access would hide the combination of measures used by municipalities, this report uses an index to explore the complex interchange between different service delivery measures in more detail.

The report shows that households in rural municipalities generally have access to poorer service levels. Although household perceptions of the services they receive vary greatly between municipalities, households in metropolitan municipalities are generally more satisfied than those in smaller municipalities, particularly rural municipalities. A simple correlation between municipal poverty headcounts and the available infrastructure shows a strong positive relationship

Chapter 3

The relationship between household satisfaction with basic services and the quality of infrastructure can also be expressed as a strong positive correlation, meaning that poor households with inadequate access to services are most likely to be dissatisfied with those services. The report finally finds that 75% of households in South Africa did not believe that municipalities were actively addressing the issues they felt was most important for households in their respective municipalities.

T 3.0.1

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

The Department of engineering services is responsible for providing basic services under the following sectors:

- Water
- Sanitation
- Electricity
- Roads and stormwater
- Planning and Property Management
- Project Management

All these are provided through a project management unit and each sector is therefore responsible for maintenance of the provided infrastructure in order to ensure effective, efficient and sustainable service delivery.

The department is devoted to improving the quality of life of its community by providing efficient, sustainable, reliable and affordable infrastructure and to ensure continuous upgrade and maintenance of the existing infrastructure. This department is also mandated to ensure adequate services land through which residents can develop quality formal housing and receive security of tenure.

An increase in population growth in the municipality implies an increasing urgency for development of infrastructure for our communities that can support this increase in population. Infrastructure is the foundation that enables economic growth and development.

Local government is mandated to construct and maintain a range of infrastructure that facilitates local economic activities and create an enabling environment for economic growth. The department had included key priority projects on the Integrated Development Plan 2018/2019 to secure funding in order to fulfill this mandate.

Infrastructure is the foundation that enables economic growth and development. Local government is mandated to construct and maintain a range of infrastructure that facilitates local economic activities and create an enabling environment for economic growth. From a local perspective, the following infrastructure categories are of key importance specifically in terms of:

1. Water and Sanitation

- Planning the provision of water and sanitation services (Master planning),
- Operation and maintenance of the water and sanitation assets and resources
- Manage the provision of capital infrastructure related
- Project management, and
- Policies, procedure and standards for the provision of the service

Chapter 3

2. Roads and Stormwater

- Planning the provision and upgrading of adequate roads and stormwater
- Maintenance of the existing infrastructure
- Manage the provision of capital infrastructure
- Project management

2. Electricity

- Plan and manage the distribution of electricity
- Operation and maintenance
- Manage the provision of capital infrastructure
- Project management
- Policies, procedures and standards for the provision of the services

3. Planning and Property Management

- Plan the provision of housing to the needy by the Province
- Assist the Province in coordinating the housing delivery strategies
- Enforce the provincial policies on housing matters, and
- Assist the province in the managing of contractors and the projects
- Provide guidance to the community on housing matters
- Maintain database of housing beneficiaries' waiting list

5. Project Management Unit

- provide support to all the sectors above on implementation of capital

The department of Development Planning and Social Security provided for the following services:

6. Waste Management

- landfill sites management
- refuse removal services

7. Public Safety

- Security Services
- Property Management
- Fire Services
- Traffic Management Services
- Disaster Management Services
- Local Economic Development
- Tourism Development
- Arts and Recreation

All these can be obtained by effectively utilizing of the available resources and identifying the best option that would maximize the output.

T 3.1.0

Chapter 3

3.1. BULK WATER AND SANITATION PROVISION

COMPONENT A: BASIC SERVICES

INTRODUCTION TO WATER AND SNITATION BULK PROVISION

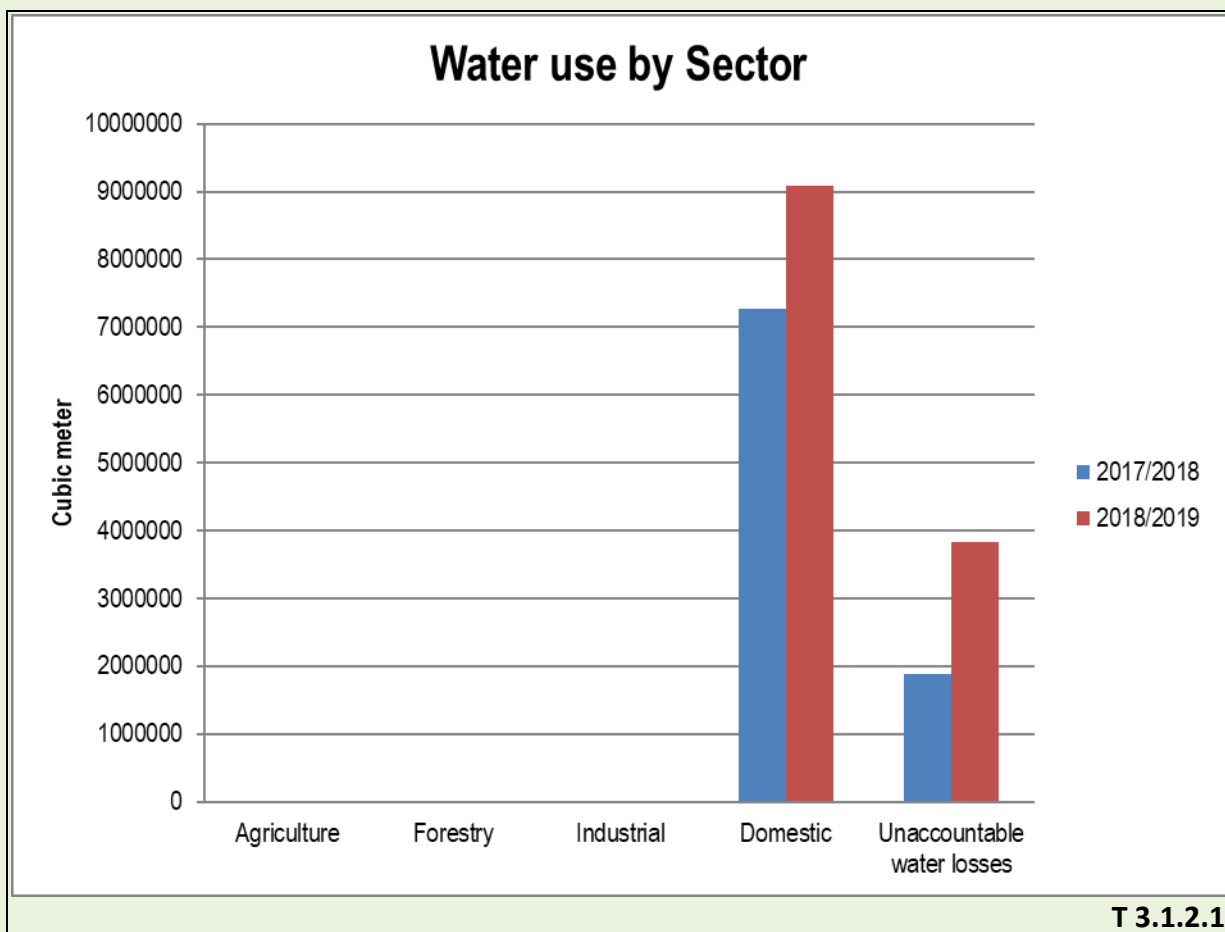
The municipality is both a Water Services Authority (WSA) and a Water Service Provider (WSP) and its primarily responsibility includes but not limited to ensuring the provision of water services, ensuring basic access to water for all communities of Setsoto Local Municipality, planning in terms of Water Service Development Plan, Water Safety Plan adopted and Water and Sanitation Master Plan to ensure:

- effective, efficient, affordable, economical and sustainable access to water services that promote sustainable livelihoods and economic development
- report annually on progress against those plans to improve access to quality water and sanitation services
- ensure regular maintenance of water and sanitation infrastructure.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2017/2018	Not metered	Not metered	Not metered	7 279 506	1 890 440
2018/2019	Not metered	Not metered	Not metered	9 093 182	3 830 244
					T 3.1.2

Chapter 3



COMMENT ON WATER USE BY SECTOR

This drastic increase in Unaccountable Water Losses is due to households' water meters that are not read especially in the formally black townships.

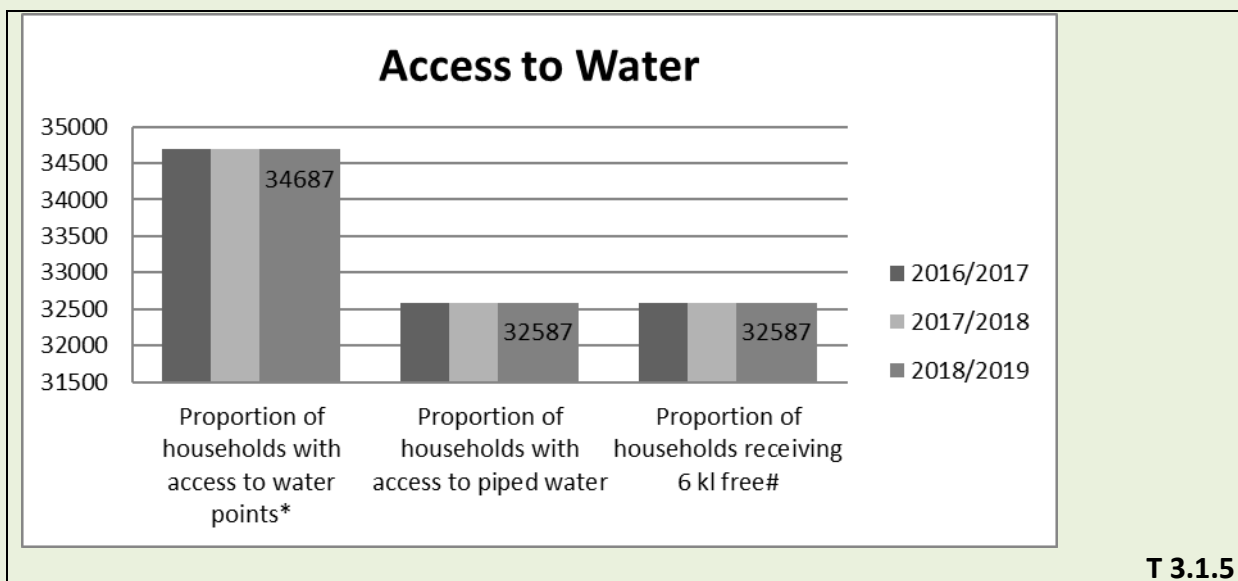
T 3.1.2.2

Water Service Delivery Levels				
Description	2015/2016	2016/2017	2017/2018	Households '000
	Actual	Actual	Actual	2018/2019
	No.	No.	No.	Actual
Water: (above min level)				
Piped water inside dwelling	13	13	13	13
Piped water inside yard (but not in dwelling)	18	18	18	18
Using public tap (within 200m from dwelling)	2	2	2	2
Other water supply (within 200m)	1	1	1	1
Minimum Service Level and Above sub-total	34	34	34	34
Minimum Service Level and Above Percentage	92%	92%	92%	92%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	2	2	2	2
Other water supply (more than 200m from dwelling)	1	1	1	1
No water supply	0	0	0	0
Below Minimum Service Level sub-total	3	3	3	3
Below Minimum Service Level Percentage	8%	8%	8%	8%
Total number of households*	37	37	37	37

T 3.1.3

Chapter 3

Households - Water Service Delivery Levels below the minimum						
Description	2015/2016	2016/2017	2017/2018	Households		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	34 687	34 687	34 687	34 687	34 687	34 687
Households below minimum service level	1 669	1 669	2 100	2 100	2 100	2 100
Proportion of households below minimum service level	5%	5%	6%	6%	6%	6%
Informal Settlements						
Total households	1 000	1 000	1 000	1 000	1 000	1 000
Households below minimum service level	1 000	1 000	1 000	1 000	1 000	1 000
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%
T 3.1.4						



Chapter 3

Water and Sewer Service: Bulk Provision Policy Objectives taken from Integrated Development Plan											
Service Objectives <i>Service Indicators</i> (i) Planning Statement	Outline Service Targets (ii) Key Performance Indicator	2017/2018		2018/2019		2019/2020	2020/2021			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		

Chapter 3

Water and Sewer Service: Bulk Provision Policy Objectives taken from Integrated Development Plan											
Service Objectives <i>Service Indicators</i> (i) Planning Statement	Outline Service Targets (ii) Key Performance Indicator	2017/2018		2018/2019		2019/2020	2020/2021			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
To provide efficient competitive sustainable economic infrastructure network and service delivery	Percentage of green drop	15%	192%	15%	15%	0%	15%	15%	15%	Target Not Met Department of Water Affairs no longer provide information regarding this indicator	Involve the Department of Water Affairs to assist in taking regular samples to identify the levels of green drop
To provide efficient competitive sustainable economic infrastructure network and service delivery	Percentage of blue drop	100%	42%	100%	100%	0%	100%	100%	100%	Target Not Met Department of Water Affairs no longer provide information regarding this indicator	Involve the Department of Water Affairs to assist in taking regular samples to identify the levels of blue drop
T 3.1.6											

Chapter 3

Employees: Water Services					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	5	5	3	2	40%
7 - 9	6	8	2	6	75%
10 - 12	7	66	45	21	32%
13 - 15	9	15	6	9	60%
16 - 18	11	0	0	0	0%
19 - 20	18	0	0	0	0%
Total	58	96	58	38	40%

T 3.1.7

Financial Performance 2018/2019: Water Services					
R'000					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

T 3.1.8

Capital Expenditure 2018/2019: Water Services					
R' 000					
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

T 3.1.9

COMMENT ON BULK WATER AND SANITATION SERVICES PERFORMANCE OVERALL:

The five-year targets can be attained when funds are available. It's a different story to have a budget but funds are not available. The other challenge the division is facing with is the fact that Bulk and Operations and Maintenance share one "budget". Bulk and Maintenance should have two separate "votes" or budget allocations. Although some targets were set; i.e. Blue and Green Drop; these could not be achieved as a result of the fact that the last green and blue drop assessments was done in 2014. This cannot be seen as under performance, as these are done by the Department of Water and Sanitation who have their own challenges in this regard. The division can only perform if the required funds are available for repairs and maintenance, vacant positions filled.

T 3.1.10

Chapter 3

3.2 WATER AND WASTE WATER OPERATIONS AND MAINTENANCE SERVICES

INTRODUCTION TO WATER AND WASTE WATER OPERATIONS AND MAINTENANCE SERVICES

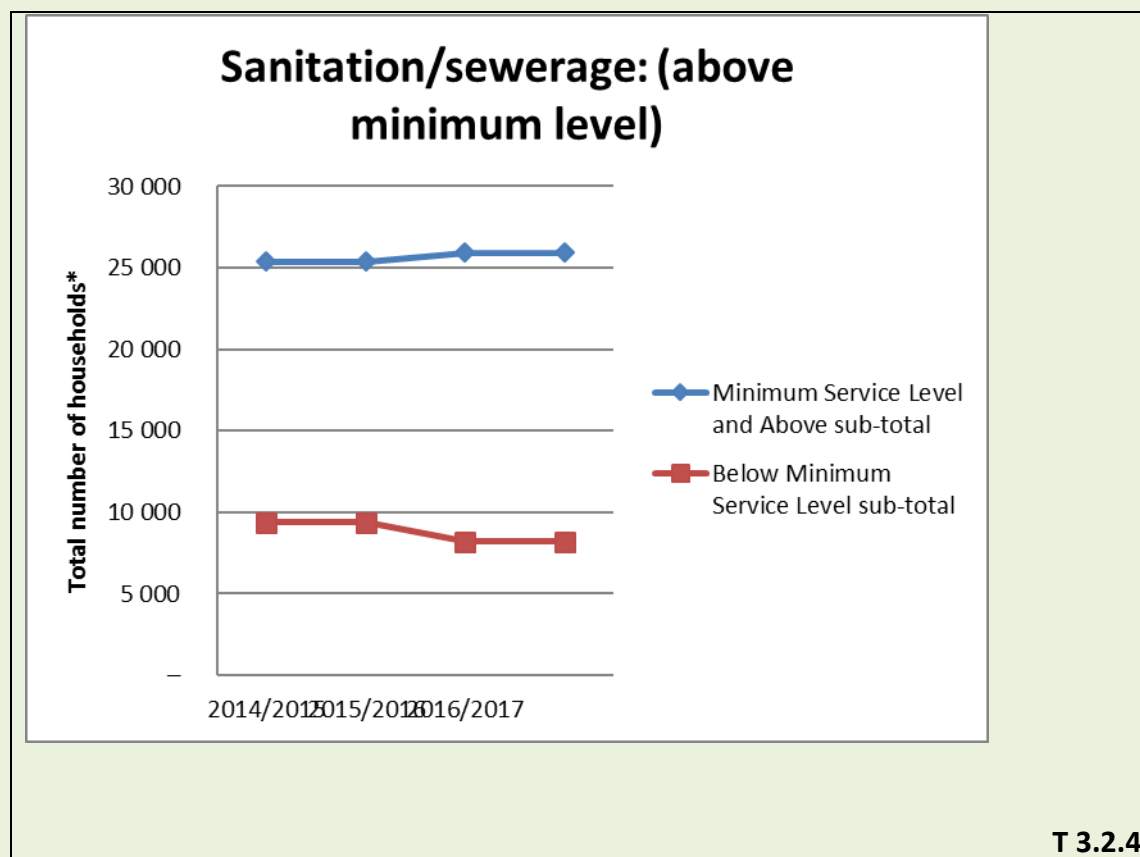
The report reflects all the activities that the division was and still is involved in, namely, sewer spillages and blockages, water leakages, night soil bucket removal and suctioning of conservancy tanks and VIP toilettes. The activities as mentioned above are aligned with SDBIP (Service Delivery and Budget Implementation Plan) and addresses all the reported and detected and/or un-reported incidents and/or cases. The sole purpose of this report is to keep the council and Management abreast and/or posted regarding the activities of the division per se during the period under review.

T 3.2.1

Service Statistics of Water and Sanitation Operations and Maintenance Provision					
	Details	2018/2019			
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
		Actuals	Actuals	Actuals	Actuals
1	Percentage of households with access to basic level of sanitation	80.93%	80.93%	80.93%	80.93%
2	Percentage of water pipes repaired.	100%	100%	100%	100%
3	Percentage of water meters repaired/Replaced.	100%	100%	100%	75%
4	Percentage of fire hydrants repaired.	100%	100%	100%	100%
5	Percentage of water valves repaired.	100%	100%	100%	75%
6	Percentage of sewer pipes repaired.	100%	100%	100%	100%
7	Percentage of sewer spillages unblocked.	100%	100%	97.80%	99.01%
8	Percentage of repaired/replaced sewer manholes.	100%	100%	100%	100%
9	Percentage of buckets removed	100%	100%	78.19%	78.11%
10	Percentage of VIP and Sceptic tanks serviced.	100%	100%	12.80%	98.70%
11	Number of Standing Committee reports generated.	3	3	3	3
12	Number of Unit reports generated	12	12	12	12
13	Number of risk register updated	0	0	0	1
14	Percentage of External Audit Queries responded to and addressed within the time frame.	100%	100%	100%	100%
15	Percentage of Internal Audit Queries responded to and addressed within the time frame.	100%	100%	100%	100%
16	Percentage reduction of Audit findings.	100%	100%	100%	100%
17	Number of quarterly updates on progress on Audit Action Plan.	0	0	0	1
18	Percentage of water network infrastructure maintained	100%	100%	100%	100%
T 3.2.1.1					

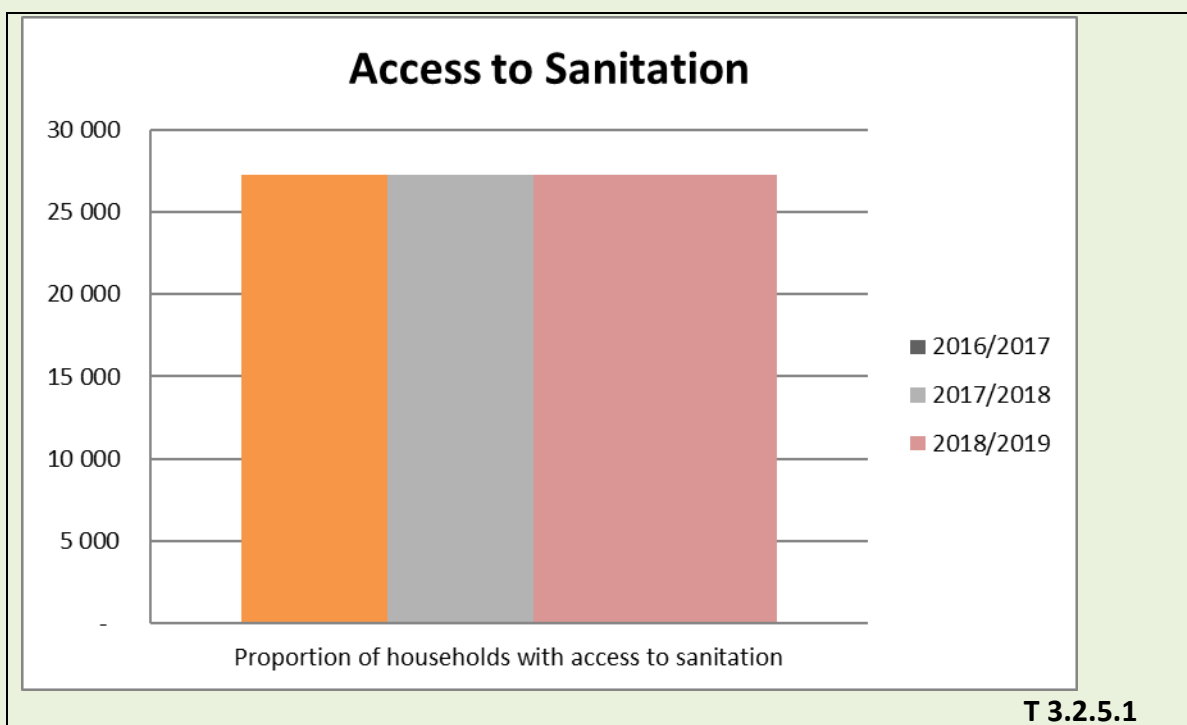
Chapter 3

Sanitation Service Delivery Levels				
Description	2015/2016	2016/2017	2017/2018	*Households 2018/2019
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	25 703	25 703	25 703	25 703
Flush toilet (with septic tank)	1 560	1 560	1 560	1 560
Chemical toilet	-	-	-	-
Pit toilet (ventilated)	-	-	-	-
Other toilet provisions (above min. service level)	-	-	-	-
Minimum Service Level and Above sub-total	27 263	27 263	27 263	27 263
Minimum Service Level and Above Percentage	79,6%	79,6%	79,6%	79,6%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	7 006	7 006	7 006	7 006
Other toilet provisions (below min. service level)	-	-	-	-
No toilet provisions	-	-	-	-
Below Minimum Service Level sub-total	7 006	7 006	7 006	7 006
Below Minimum Service Level Percentage	20,4%	20,4%	20,4%	20,4%
Total households	34 269	34 269	34 269	34 269
*Total number of households including informal settlements				T 3.2.3



Chapter 3

Households - Sanitation Service Delivery Levels below the minimum						
Description	2015/2016	2016/2017	2017/2018	2018/2019		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	33 687	33 687	33 687	33 687	33 687	33 687
Households below minimum service level	6 424	6 424	6 424	6 424	6 424	6 424
Proportion of households below minimum service level	19%	19%	19%	19%	19%	19%
Informal Settlements						
Total households	582	582	582	582	582	582
Households below minimum service level	582	582	582	582	582	582
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%
T 3.2.5						



Chapter 3

Water and Sewer Service: Operations and Maintenance Services Policy Objectives taken from Integrated Development Plan											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Planning Statement	Key Performance Indicator										
To provide efficient competitive sustainable economic infrastructure network and service delivery	Percentage of households with access to basic level of sanitation	100%	71%	100%	100%	71%	100%	100%	100%	Target Not Met Lack of funding from but development is underway to remedy the situation	Apply for more funding from relevant grants to ensure that communities are provided with decent services
To provide efficient competitive sustainable economic infrastructure network and service delivery	Percentage of sewer network infrastructure maintained	100%	100%	100%	100%	90%	100%	100%	100%	Target Well Met	Continue monitoring
To provide efficient competitive sustainable economic infrastructure network and service delivery	Numbers of reports on the provision of sewer to households and maintenance of sewer infrastructure	32	32	32	32	60	32	32	32	Target Extremely Met	Continue monitoring
To provide efficient competitive sustainable economic infrastructure network and service delivery	Percentage of household with access to basic level of water	100%	95%	100%	100%	95%	100%	100%	100%	Target Almost Met	Apply for funding from relevant funding sources to ensure that all households are provided with decent services
To provide efficient competitive sustainable economic infrastructure network and service delivery	Percentage of network infrastructure maintained	100%	100%	100%	900%	72%	100%	100%	100%	Target Not Met Lack of funding for maintenance	Increase collection rate to maintain infrastructure
To provide efficient competitive sustainable economic infrastructure network and service delivery	Numbers of reports on the provision of water to households and maintenance of water infrastructure network generated	32	32	32	32	60	32	32	32	Target Extremely Met	Continue monitoring

Chapter 3

WATER AND SEWER SERVICE: OPERATIONS AND MAINTENANCE SERVICES POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
To provide efficient competitive sustainable economic infrastructure network and service delivery	Percentage unplanned water interruptions and sewer blockages complaints/callouts responded to within required timeframe	100%	100%	100%	100%	90%	100%	100%	100%	Target Met	Continue monitoring
To provide efficient competitive sustainable economic infrastructure network and service delivery	Percentage of total water losses	N/A	N/A	N/A	0%	42%	0%	0%	0%	Not Met	Replace all old infrastructure with new once a put measures in place to deter consumers from bypassing meters
T 3.1.6											

T 3.1.6

Chapter 3

EMPLOYEES: WATER AND SANITATION SERVICES: 2018/2019					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	4	4	4	0	0%
7 - 9	3	8	3	5	63%
10 - 12	18	78	18	60	77%
13 - 15	8	15	8	7	47%
16 - 18	77	93	70	23	25%
19 - 20	0	0	0	0	0%
Total	111	199	104	95	48%
T 3.2.7					

Financial Performance 2018/2019: Sanitation Services					
R'000					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 462	5 462	5 462	5 462	0%
Expenditure					
Employees	1 492	17 856	15 743	16 148	-11%
Repairs and Maintenance	24	20 764	26 172	31 473	34%
Other	1 714	12 037	7 295	1 590	-657%
Total Operational Expenditure	3 230	50 657	49 210	49 211	-3%
Net Operational Expenditure	-2 232	45 195	43 748	43 749	-3%
T 3.2.8					

CAPITAL EXPENDITURE YEAR 2017/2018: SANITATION SERVICES					
R' 000					
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No capital projects implemented for the year under review					
T 3.2.9					

COMMENT ON WATER AND SANITATION OPERATIONS AND MAINTENANCE SERVICES PERFORMANCE OVERALL:

The Division has met most of its areas of responsibility despite the recurring challenges of sewer spillages and water leakages, due to aging infrastructure and the capacity of sewer pipes that are very small in diameter to can accommodate the new extensions. The upgrading and construction of bigger and working sewer collector lines and rising mains as well as sewer pump stations, the spillages will be drastically reduced and manageable.

The challenge with the bucket removal was the availability/shortage of empty buckets for exchange, consequently, the team must first remove the full buckets and wash them and bring them back, and that set up has created a community discontent. The request has been placed but not approved based on the fact that the Bucket Eradication Project will be implemented soon. The shortage of material is of paramount importance to address the leakages and spillages of both water and sewer respectively.

T 3.2.10

Chapter 3

3.3 ELECTRICITY

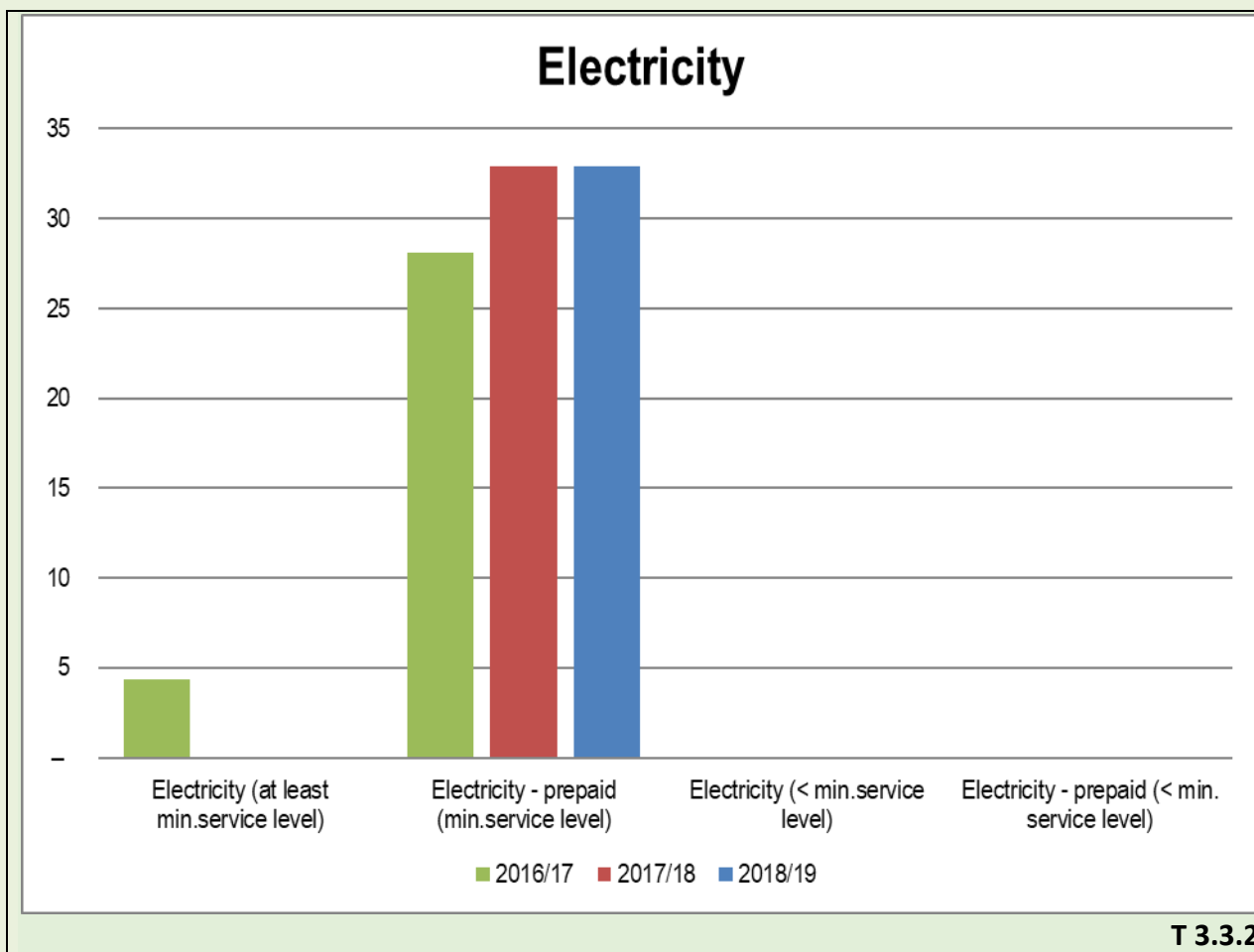
INTRODUCTION TO ELECTRICITY

The municipality is the electricity service provider for all town areas with Eskom being the service provider for all townships and farm areas. The municipality has a total of 6 557 formalized sites inclusive of farm areas without electricity. A total number 2 771 sites which have been allocated but not occupied and 1 757 sites occupied but not electrified, the balance of 2 294 constitute of farm areas and privately-owned areas and municipal formalized areas. The municipal electrification plan which also focuses on the eradication of backlogs in the provision of electricity in all municipal areas is reliant on the municipal housing programme.

Applications were submitted by the municipality to both Eskom and the Department of Energy to address backlogs on the supply of electricity to formal households, maintain and upgrade the electricity infrastructure. Funding has been approved for the 2018/2019 financial year for eradication of 44 sites in Naledi Village informal area. The municipality continuously ensure sustainable electricity supply to its supply areas and provide communities with the public lighting by means of streetlights and high mast lights. The municipality also provide free basic electricity to all registered indigents households.

T 3.3.1

Chapter 3



SERVICE STATISTICS: ELECTRICITY								
	Details	2017/2018		2018/2019		2019/2020	2020/2021	2021/2022
		Target	Actuals	Target	Actual	Target	Target	Target
1	Electrification of households	100%	82%	100%	86%	100%	100%	100%
2	Number of Erven electrified	265	265	40	45	0	0	0
3	Number of streetlights & high mast lights repaired / replaced	500	927	500	1065	500	500	500
5	Number of substations maintained	1	2	1	2	2	2	2
6	Number of substations, mini substations cleaned	100	198	100	165	100	100	100
7	Km of MV & LV network repaired / replaced	7	1.305	7	13.423	8	8	8
8	Number of standing Committee Reports generated	12	12	12	12	12	12	12
9	Number of Energy forum reports generated	4	4	16	0	4	4	4

T 3.3.3

Chapter 3

Electricity Service Delivery Levels				
Description	2015/2016	2016/2017	2017/2018	Households 2018/2019
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Energy: (above minimum level)				
Electricity (at least minimum service level)	4	4	0	0
Electricity - prepaid (minimum service level)	28	28	32	33
Minimum Service Level and Above sub-total	32	32	32	33
Minimum Service Level and Above Percentage	92.4%	92.5%	93.2%	94.3%
Energy: (below minimum level)				
Electricity (< minimum service level)	1	1	1	0
Electricity - prepaid (< minimum service level)	–	–	–	–
Other energy sources	3	3	2	2
Below Minimum Service Level sub-total	3	3	2	2
Below Minimum Service Level Percentage	7.6%	7.5%	6.8%	5.2%
Total number of households	35	35	35	35
				T 3.3.4

Households - Electricity Service Delivery Levels below the minimum					
Description	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Household (000)	Outcome	Outcome	Outcome	Outcome	Actual
Formal Settlements					
Total households	35	35	35	35	
Households below minimum service level	3	3	2	2	2
Proportion of households below minimum service level	8%	8%	7%	6%	6%
Informal Settlements					
Total households	1	1	1	1	1
Households below minimum service level	1	1	1	1	1
Proportion of household below minimum service level	100%	100%	100%	100%	
					T 3.3.5

Chapter 3

Electricity Services Policy Objectives taken from the Integrated Development Plan											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
To ensure that all households are electrified and are on the national electricity grid	Percentage of households with access to basic electricity	97%	98%	97%	100%	91%	100%	100%	100%	Target Not Met Dependent on Eskom's plan of action	To engage Eskom to connect those areas without electricity as soon as possible
To ensure that all households are electrified and are on the national electricity grid	Percentage of households with access to free basic electricity	6%	18%	15%	18%	17%	15%	15%	15%	Target Almost Met No reason provided for the variance	Councillors and officials to encourage communities to register for indigent subsidy
To ensure that all households are electrified and are on the national electricity grid	Percentage unplanned outage restored within required timeframe	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
To ensure that all households are electrified and are on the national electricity grid	Percentage of electricity losses	15%	0%	0%	0%	11%	0%	0%	0%	Target Not Met No reason provided for the variance	To replace all outdated infrastructure and put measures in place to deter consumers no do illegal connections
To ensure that all households are electrified and are on the national electricity grid	Number of Erven Electrified at Naledi Village	265	265	265	40	45	0	0	0	Target Well Met	Continue monitoring
Ensuring Oproper maintenance of public lighting	Number of streetlights & High mast lights Repaired/ Replaced	500	925	500	500	1 003	500	500	500	Target Extremely Met	Continue monitoring

Chapter 3

Electricity Services Policy Objectives taken from the Integrated Development Plan											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
<i>Service Indicators</i>											
(i)	(ii)										
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Ensuring that the electricity infrastructure is properly maintained	Number of substations maintained	1	1	1	1	2	2	2	2	Target Extremely Met	Continue monitoring
Ensuring that the electricity infrastructure is properly maintained	Number of sub & mini substations cleaned	100	198	100	100	165	100	100	100	Target Extremely Met	Continue monitoring
Ensuring that the electricity infrastructure is properly maintained	Kilometres of HV & LV network repaired/replaced	7	1.305	7	7	10.663	8	8	8	Target Extremely Met	Continue monitoring
Ensuring good governance and administration	Number of Standing Committee Reports generated	12	12	12	12	12	12	12	12	Target Met	Continue monitoring
Ensuring adherence to intergovernmental relations and governance	Number of Energy forum meeting on electricity services attended	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Ensuring adherence to good governance and compliance monitoring	Number of quarterly updates on progress on Audit Action Plan of Electricity Services	8	8	8	8	8	8	8	8	Target Met	Continue monitoring
Ensuring that risks are managed up to a tolerable level within the municipality	Number of risk register updated	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Ensuring that risks are managed up to a tolerable level within the municipality	Number of Unit Meetings reports on electricity services generated	16	16	16	16	16	16	16	16	Target Met	Continue monitoring
T 3.3.6											

T 3.3.6

Chapter 3

EMPLOYEES: ELECTRICITY: 2018/2019					
Job Level	2016/2017	2017/2018			
	Employee No.	Post No	Employee No	Vacancies (Fulltime Equivalents) No	Vacancies (as a % of total posts) %
0-3	1	3	1	2	67%
4-6	5	7	5	2	29%
7-9	8	11	8	3	27%
10-12	0	0	0	0	0%
13-15	13	17	13	4	24%
16-17	1	1	1	0	0%
Total	28	39	28	11	28%
T 3.3.7					

FINANCIAL PERFORMANCE 2018/2019 ELECTRICITY				
Details	2016/2017	2017/2018		
	Actual	Original Budget	Actual	Variance to Budget
Total Operating Revenue	116 383	106 416	87 619	-21%
Expenditure				
Employees	6 209	7 837	7 623	-3%
Repairs and Maintenance	1 697	3 858	875	-341%
Other	61 411	74 833	54 085	-38%
Total Expenditure	69 317	86 528	62 583	-38%
Net Operational Expenditure	-47 066	-19 888	-25 036	21%
T 3.3.8				

CAPITAL EXPENDITURE 2018/2019: ELECTRICITY				
	Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	12 780	6 000		12 780
Furniture & equipment	80	0	0%	80
Vehicles & equipment	2 000	0	0%	2 000
Network 1	6 000	6 000	100%	6 000
Network 2	3 500	0	0%	3 500
Streetlights	1 200	0	0%	1 200
T 3.3.9				

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

In Ficksburg a 11kV Medium Voltage cable has been replaced under the Integrated National Energy Programme grant from Department of Energy for the value of R 1.9 million, the cable needed to be replaced due to it was redounded and caused a lot of power failures in the area of the Water treatment plant and households near the border post and to strenghten the MV sistem for the possible infills later on. Under the same grant erven were electrified in Clocolan namely 205 in Skeletonpark and 60 in Tienie van Rooyen for the value of R 4.085 million.

The overall performance of the Division was very good due to only one Key Performance Indicator was not reach due to the financial contrains what the municipality has experienced. The repair of streetlights was a great overachievement but stil sit with a lot of backlog. The municipality has also applied for funds for the implementing of energy savings or energy efficiency projects in order to assist the whole country with the current shortage of energy. The lack of equipment and material some of the other part in the division. There is also a need to ensure that all vacant post are filled by qualified, experienced persons in order to ensure efficient, effective and sustainable performance of the electrical division.

T 3.3.10

Chapter 3

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

The mandate of the department is mainly a service delivery component and therefore intends to strive to continuously improve how we render services to communities. The experience over a period have shown that it requires the change approach in the way we extend and reach out to the communities to ensure that those areas which were not previously serviced are better off. The municipality is also taking into consideration realities in the municipality now.

As service delivery department our mandate is the provision of waste management system, which is complaint, efficient, safe and cost effective, and to ensure that the environment is conducive and not harmful to the health and wellbeing of communities. These services include:

- Collection of household, business and industrial waste at least once a week.
- Cleaning of the central business areas in all the units of litter daily seven (7) days a week.
- Managing the licensed landfill sites in Ficksburg, Senekal, Clocolan and Marquard in terms of the license conditions.
- Strive to on a continuous basis the removal of corner dumping from vacant stands, pavements and public open areas.
- Community awareness programs introduced to the community.
- Encouraging recycling by entrepreneurs.
- Cleaning campaigns involving the Extended Public Works Program (EPWP)

The management and the personnel worked together to improve the level of the service rendered during this year, but unfortunately due to failure of vehicles and equipment the standard of service deteriorated during this year.

T 3.4.1

Solid Waste Service Delivery Levels				
Description	2015/2016	2016/2017	2017/2018	Households 2018/2019
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	33 490	31 899	31 633	32 913
<i>Minimum Service Level and Above sub-total</i>		31 899	31 633	32 913
<i>Minimum Service Level and Above percentage</i>	97%	92%	91%	88%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	1 197	2 788	3 054	4 475
Using communal refuse dump	0	0	0	0
Using own refuse dump	0	0	0	0
Other rubbish disposal	0	0	0	0
No rubbish disposal	0	0	0	0
<i>Below Minimum Service Level sub-total</i>	1 197	2 788	3 054	4 475
<i>Below Minimum Service Level percentage</i>	3%	8%	9%	12%
Total number of households	34 687	34 687	34 687	37 388
				T 3.4.2

Chapter 3

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2015/2016	2016/2017	2017/2018	2018/2019		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual budget
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	34 687	34 687	34 687	0	0	0
Households below minimum service level	1 197	2 840	3 055	38 149 653	46 517 524	20 240 825
Proportion of households below minimum service level	3	8	9	0	0	0
Informal Settlements						
Total households	0	0	0	0	0	0
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0	0	0	0	0	0
T 3.4.3						

Chapter 3

Waste Management Policy Objectives taken from the Integrated Development Plan											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Ensuring proper and continuous provision of refuse removal	Percentage of households with access to basic level of refuse removal	91%	91%	100%	90%	86%	90%	90%	90%	Target Almost Met Lack of fleet and funding. Shortage of personnel	To raise revenue collection levels to ensure that fleet is acquired, and personnel is appointed
Ensuring proper and continuous provision of refuse removal	Number of businesses in the central business district with access to basic level of refuse removal	715	619	715	674	665	674	674	674	Target Almost Met Lack of fleet and funding Shortage of personnel	To raise revenue collection levels to ensure that fleet is acquired, and personnel is appointed
Conducting regular awareness campaign on waste management	Number of Public Awareness Campaigns conducted with the Friday Cleaning Campaigns	30	36	30	30	43	30	30	30	Target Extremely Met	

Waste Management Policy Objectives taken from the Integrated Development Plan											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		

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Planning Statement	Key Performance Indicator										
Ensuring compliance to environmental management requirement	Percentage compliance of the four (4) landfill sites as per quarterly evaluation in compliance with the National Environmental Management Waste Act, 59 of 1998.	30%	60%	30%	50%	51%	50%	50%	50%	Target Well Met	Continue monitoring
Proper data collection of disposal of waste at the Senekal landfill site	Number of reports of data collected at Ficksburg landfill site submitted to the S A Waste Information Centre	12	12	12	12	12	12	12	12	Target Met	Continue monitoring
Proper data collection of disposal of waste at the Senekal landfill site	Number of reports of data collected at Senekal landfill site submitted to the S A Waste Information Centre	12	12	12	12	12	12	12	12	Target Met	Continue monitoring
Ensuring proper and continuous provision of refuse removal	Number of reports on partnership forged with local recyclers	0	0	4	4	3	4	4	4	Target Almost Met Lack of fleet and funding Shortage of personnel	To raise revenue collection levels to ensure that fleet is acquired, and personnel is appointed
Ensuring compliance to environmental management requirement	Number of reports submitted as Designated Waste Management Officer	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Ensuring compliance to environmental management requirement	Number of Integrated Waste Management Plan reviewed	1	1	1	1	1	1	1	1	Target Met	Continue monitoring

WASTE MANAGEMENT POLICY OBJECTIVES TAKEN FROM THE INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		

Chapter 3

Planning Statement	Key Performance Indicator										
Ensuring that risks are managed and mitigated to a tolerable level within the municipality	Number of updates on the risk registers	4	4	4	4	3	4	4	4	Target Almost Met The Risk Management Committee did not meet as required	The Municipal Manager to ensure that the Risk Management Committee meet as required
Ensuring good governance and monitoring of compliance	Percentage of external and internal audit findings responded to and addressed	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
T 3.4.4											

Chapter 3

EMPLOYEES: SOLID WASTE MANAGEMENT SERVICES					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	5	5	5	0	0%
7 - 9	5	15	7	8	53%
10 - 12	6	4	4	0	0%
13 - 15	37	60	39	21	35%
16 - 18	34	31	22	9	29%
Total	88	116	78	38	33%
					T 3.4.5

FINANCIAL PERFORMANCE 2018/2019: SOLID WASTE MANAGEMENT SERVICES					
					R'000
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-54 825	-53 293	60 679	-35 632	-50%
Expenditure:					
Employees	16 886	17 951	16 070	15 307	-17%
Repairs and Maintenance	117	1 650	1 650	66	-2 457%
Other	21 963	18 549	28 751	198	-93718%
Total Operational Expenditure	38 963	38 150	46 518	15 391	-148%
Net Operational Expenditure	-15 862	-15 144	-14 162	-20 241	25%
					T 3.4.6

CAPITAL EXPENDITURE 2018/2019: WASTE MANAGEMENT				
Total All	Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
No capital projects implemented for the year under review				
				T 3.4.7

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

During the first five (5) months of this financial year the standard of the refuse removal service rendered to the community was of a high standard, but several vehicles broke down after November 2018 and the timeframe for the these vehicles to be repaired had a very negative impact on service delivery, as seen out of the abovementioned statistics.

The actions implemented were:

- such that vehicles were taken from certain areas to other areas just to be able to service most of the areas occasionally.
- the using of EPWP employees to assist the permanent employees with the collection of refuse as well as the cleaning of the central business areas over weekends to curb overtime.

The challenges with resources and the accessibility of residential areas due to condition of roads had a negative impact on service delivery and this resulted in a 91% refuse collection

Chapter 3

rate of households once a week as per the National Standard. The backlog in the collection of refuse is not that the refuse collection service is not rendered in a specific area, but that the refuse collection routes for specific days were not rendered due to failure of resources. The available vehicles were shared between the units to ensure that a service was rendered at all the units, and the employees also assisted in doing the work in shifts.

The disposal of waste was done at the licensed landfill sites in Ficksburg, Senekal, Clocolan and Marquard. It was however difficult to maintain these sites as per license conditions due to the non-availability of dedicated vehicles and equipment. Notices were also issued by the Environmental Health Practitioners regarding the conditions at Marquard and Ficksburg landfill sites.

The Friday Cleaning Campaign introduced was a success and many corner dumping were removed. The negative side to this project is that within a few days of removal of these corner dumping, the areas are again a refuse dump due to the contribution of the community.

The program of street cleaning in the central business areas of all the units of Setsoto was effective and done seven (7) days a week in Ficksburg and Senekal, and six (6) days a week in Clocolan and Marquard. Due to the Border post with Lesotho in Ficksburg and the N5 running through Senekal it was necessary to clean these areas seven (7) days a week.

Recycling are done by private entrepreneurs that were collecting recyclable material from reclaimers at the landfill sites in Setsoto. The reclaimers at the landfill sites were trained by officials from the Department of Environmental Affairs, with a plan to give more formal training to entrepreneurs in the recycling business. The approved Integrated Waste Management Plan (IWMP) was reviewed and approved by Council on 31 May 2019.

The priorities in waste management were:

- To move vehicles and equipment in a planned way to ensure a waste management service of a high standard.

There was no discrimination towards poor households as all households were serviced with a refuse collection service on a weekly basis, as far as possible with the available resources

T 3.4.8

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3.5 PLANNING AND PROPERTY MANAGEMENT

INTRODUCTION TO PLANNING AND PROPERTY MANAGEMENT

Housing provision is a provincial government function by Department of Human Settlements. The municipality has ensured that steps are taken for the following activities to be in place:

- Credible IDP
- Land Use Management that supports Human Settlements
- Township Establishment
- Beneficiary database (National Housing Needs Register)
- Land Invasion Control.

The town planning division is on the verge of completing the compilation of the Spatial Development Framework (SDF) in line with SPLUMA principles and the National Development Plan. Once completed the SDF will guide the future spatial development and locations of the municipality's future. Exciting new development precincts are highlighted in the SDF, and should they be implemented, they would bring most needed economic development to the municipality.

The municipality is continually implementing the Spatial Planning and Land Use Management Act, 16 of 2013 through the enforcement of the Setsoto Municipal Planning By-Laws. The municipality is in the process of developing the Land Use Scheme as per the provision of the Act. The municipality is furthermore in the process to review the Spatial Development Framework in collaboration with COGTA and other sector departments.

T 3.5.1

SERVICE STATISTICS: PLANNING AND PROPERTY MANAGEMENT								
	Details	2016/2017		2017/2018		2018/2019	2020/2021	2018/2019
		Target	Actuals	Target	Actuals	Target	Target	Target
1	Allocation of Sites	100	74	160	0	160	170	180
2	Opening of files	200	346	160	320	160	170	180
3	Issuing of Title Deeds	300	360	200	228	210	220	230
4	Percentage progress of formalisation of Katlehong 1 and 2 informal settlement	0	0	85	80	20	0	0
5	Percentage progress of formalisation of Oudstad informal settlement	0	0	85	80	20	0	0
6	Number of adopted SPLUMA compliant Spatial Development Framework	0	0	1	0	1	1	1
7	Number of illegal land use reports	8	7	8	7	8	4	4
8	Percentage of zoning certificates issued	100%	100%	100%	100%	100%	100%	100%
9	Percentage of land development applications processed	100%	100%	100%	100%	100%	100%	100%
10	Percentage of liquor registration applications processed	100%	100%	100%	100%	100%	100%	100%
11	Number of MPT meetings	4	4	4	2	4	4	4
12	Percentage of building plans processed	100%	100%	100%	100%	100%	100%	100%
13	Number of quality control and site inspection on formal structures conducted	371	371	371	50	805	50	50

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SERVICE STATISTICS: PLANNING AND PROPERTY MANAGEMENT								
	Details	2016/2017		2017/2018		2018/2019	2020/2021	2018/2019
		Target	Actuals	Target	Actuals	Target	Target	Target
14	Number of inspections conducted on Municipal Properties	24	24	24	10	21	10	10
15	Number of inspections and building notices issued	110	110	110	60	23	60	60
16	No. of SPLUMA meeting attended	5	9	4	4	4	4	4
17	No. HDA Forum attended	4	4	4	4	4	4	4
18	No. of GIS Forum	4	3					
19	No. of unit meetings conducted	12	12	12	12	12	12	12
20	No. of unit reports generated	12	12	12	12	12	12	12
21	No. of monthly reports compiled for standing committee	12	12	12	12	12	12	12
22	No. of minutes compiled for standing committee	12	12	12	12	12	12	12
T 3.5.2								

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2014/2015	33 687	30 136	98.8%
2015/2016	34 687	33 687	97.1%
2016/2017	36 559	34 687	94.9%
2018/2019	36 559	34 687	94.9%
T 3.5.3			

Chapter 3

PLANNING AND PROPERTY MANAGEMENT POLICY OBJECTIVES TAKEN FROM THE INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Sustainable Human Settlements and improved quality of household life	Percentage of formal sites serviced	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Sustainable Human Settlements and improved quality of household life	Percentage backlog on title deed on subsidized stand and unit	100%	0%	0%	0%	0%	100%	100%	100%	Target Met	Engage provincial department responsible to give statistics since 2012
Sustainable Human Settlements and improved quality of household life	Percentage of progress of Formalization of Katlehong 1 and 2 informal settlements	40%	40%	60%	60%	40%	100%	100%	100%	Target Not Met MPT did not sit as required	To ensure that MPT sits as required to finalise the process
Sustainable Human Settlements and improved quality of household life	Percentage of progress of Formalization of Oudstad informal settlements	40%	60%	60%	60%	40%	100%	100%	100%	Target Not Met. MPT did not sit as required	To ensure that MPT sits as required to finalise the process

PLANNING AND PROPERTY MANAGEMENT POLICY OBJECTIVES TAKEN FROM THE INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										

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Sustainable Human Settlements and improved quality of household life	Percentage of progress of rezoning, amendment of general plan and subdivision of erf 855, 1339, 1529, 1530, 3780 and 3367	50%	100%	40%	40%	55%	100%	100%	100%	Target Extremely Met	Continue monitoring
Sustainable Human Settlements and improved quality of household life	Number of adopted SPLUMA compliant Spatial Development Framework	1	1	1	1	0	1	1	1	Target Not Met	Engage with the expect to fast-track the finalisation of the review process
Sustainable Human Settlements and improved quality of household life	Number of Municipal Planning Tribunal seating held	4	4	3	3	2	4	4	4	Target Not Met	Speed up the finalisation of the appointment of the Director Engineering Services so that the committee could quorate
Sustainable Human Settlements and improved quality of household life	Number of illegal land use reports	8	8	7	7	1	7	7	7	Target Not Met	Ensure that reports on illegal land use are submitted on a monthly basis
Sustainable Human Settlements and improved quality of household life	Percentage of zoning certificates issued	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Sustainable Human Settlements and improved quality of household life	Percentage of land development applications developed	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Sustainable Human Settlements and improved quality of household life	Percentage of liquor registrations applications processed	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
T 3.10.4											

Chapter 3

EMPLOYEES: PLANNING AND PROPERTY MANAGEMENT: 2017/2018					
Job Level	2016/2017	2017/2018			
	Employee No.	Post No	Employee No	Vacancies (Fulltime Equivalents) No	Vacancies (as a % of total posts) %
0-3	2	4	2	2	50%
4-6	3	11	5	6	55%
7-9	13	12	13		0
10-12	0	0	0	0	0
13-15	0	4	0	0	0
16-18	0	12	0	0	0
19-20	0	0	0	0	0
Total	18	44	20	0	20%
T 3.5.5					

FINANCIAL PERFORMANCE 2018/2019: PLANNING AND PROPERTY MANAGEMENT					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	-637 670	-15 784	-12	-5306%
Expenditure					
Employees	125	9 44	7 740	7 912	-19%
Repairs and Maintenance	25	242	122	164	-1377%
Other	45	7 24	6 943	35	-20624%
Total Operational Expenditure	195	16 92	14 806	7 963	-113%
Net Operational Expenditure	75	17 562	14 822	7 975	-120%
2T 3.5.6					

CAPITAL EXPENDITURE 2017/2018: PLANNING AND PROPERTY MANAGEMENT				
Total All	Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
vehicles	360 000	0	0	360 000
T 3.5.7				

COMMENT ON THE PERFORMANCE OF THE PLANNING AND PROPERTY MANAGEMENT SERVICE OVERALL:

The division has managed to reach majority of the targets. The division has recorded a high number in terms of Title Deeds issued thereby ensuring security of tenure to its citizens. The division has also managed to increase the number of Files Opened; the two are as a direct implementation of the program targeting the two by the division. The following achievements are with mentioning:

- The division managed to secure approval for rectification of wrongfully registered Title Deeds
- The municipality have managed to formalize three informal settlements during the current financial year.
- The Municipal Planning Tribunal) is functional and land development applications are decided upon without undue delays.
- The division continues to implement SPLUMA through the enforcement of Municipal Land Use Planning By-Laws as Gazzetted.

T 3.5.8

Chapter 3

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The number of people has increased from 112 599 to 117 363 between 2011 and 2016. It increased with 4 764 people – data from Community Survey 2016. The largest group are Back African, followed by Whites, the third largest group being the coloureds.

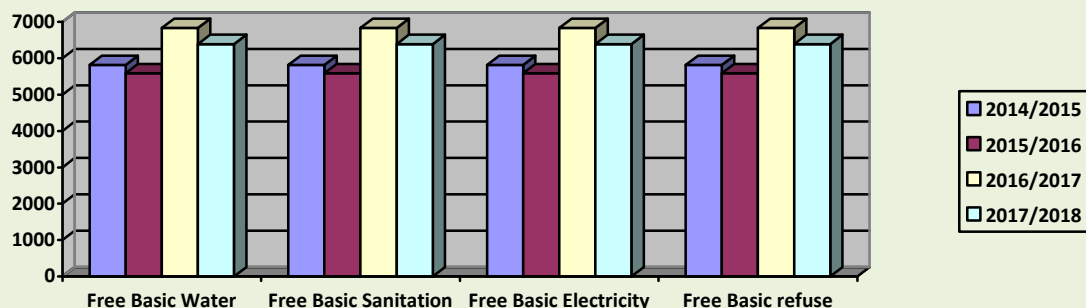
The unemployment rate in South Africa were on 26.7% in the period January to March 2018. This percentage increase in the period January to March 2019 to 27.6%. In the Free State the unemployment percentage was 32.8% in the period January to March 2018 and increase to 34.9% in the period January to March 2019.

A large percentage of the Setsoto population is very poor and thus experiencing low living standards. These low- or no-income levels indicate that a large portion of the population is dependent on government grants. In contributing to the elimination of poverty in Setsoto LM the Indigent policy was reviewed and implemented to support poor communities. Indigent support for the 2018/2019 financial year was granted on a maximum monthly income per household of R 3 440. Indigent support includes:

- 6 kl free basic water,
- 50 kWh free basic electricity,
- Waste Removal free basic service,
- Sanitation
- Rates

In the year under review 5 311 Indigent Households were registered.

T 3.6.1



T 3.6.2

Chapter 3

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R3 440 per month								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
			Access	%	Access	%	Access	%	Access	%
2016/2017	33 687	33 687	6 833	20%	6 833	20%	6 833	20%	6 833	20%
2017/2018	33 687	33 687	6 391	19%	6 391	19%	6 391	19%	6 391	19%
2018/2019	34 687	34 687	5 311	15%	5 311	15%	5 311	15%	5 311	15%
T 3.6.3										

Financial Performance 2018/2019: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2017/2018	2018/2019			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	55 974 942,00	57 553 071,00	56 568 990,00	38 185 265,00	-51%
Waste Water (Sanitation)	28 400 711,00	17 366 459,00	15 241 545,00	22 911 838,00	24%
Electricity	69 140 663,00	97 355 480,00	94 679 130,00	81 202 263,00	-20%
Waste Management (Solid Waste)	36 345 576,00	36 901 207,00	35 116 818,00	29 771 313,00	-24%
Total	189 861 892,00	209 176 217,00	201 606 483,00	172 070 679,00	-22%
T 3.6.4					

Chapter 3

FREE BASIC SERVICE POLICY OBJECTIVES TAKEN FROM IDP										Reasons for the Variance	Measures taken to address underperformance
Service Objectives	Outline Service Targets	2017/2018		2018/2019		2019/2020	2020/2021				
Service Indicators		Target	Actual	Target		Actual	Target				
		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2020/2021		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Registration of Indigent Households	Number of indigent registrations earning less than R 3 440 per month with access to free basic service	7 000	6 391	7 000	7 000	5 311	7 000	7 500	7 500	Marquard meeting did not take place due to unrest. This meeting will be re-scheduled in August/September 2019.	<p>The annual Indigent Re-registration Roadshows were done at the end of May 2019 in Senekal, Ficksburg, Clocolan. Meeting held in the towns and townships.</p> <p>Radio Naledi in Senekal and Setsoto Radio station in Ficksburg to announce the Indigent Registration process on a daily/weekly basis. This will be arranged through the Communication office.</p> <p>Small flyers to be printed and handed out at all the churches and public places. Customer Care and Credit Control will assist by referring consumers to Indigent Unit to check if they qualify to partake in the Indigent Subsidy Scheme.</p> <p>Each ward Councillor will be provided with the Indigent Register as on 30 June 2018 per Ward to use as guide of possible Indigents Households. The 2017/2018 register will be used as the registration figures were higher.</p> <p>The SASSA pay-out points will be visited by Indigent Capturers and CDW's to promote the Indigent Registration Process. This will be done monthly.</p>
T 3.6.6											

T 3.6.5

Chapter 3

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

From the statistics it is apparent that there was a decrease in Indigent registrations for the 2019/2020 Financial year. In the 2017/2018 financial year **6 391** indigents were registered and in 2018/2019 **5 311** Indigents registered. Support was given to **5 311** households which was 1 689 less than the target of 7000. From 2017/2018 to 2018/2019 there was thus a decrease of **1 080** of registered Indigents.

During the 2018/2019 year regular interaction and meetings were held with ward councilors to assist with problems and delays. In the past there was no pressure on Indigent members of the community to register and to receive the subsidy. In the 2019/2020 Financial year quarterly interaction with ward councilors as well as with members of the community will be done to ensure higher registration figures.

T 3.6.6

COMPONENT B: ROAD AND STORM WATER

3.7 ROADS AND STORM WATER

INTRODUCTION TO ROADS AND STORM WATER

The Setsoto Local Municipality is required to provide safe, affordable, sustainable and accessible roads infrastructure services that promote integrated land use development and ensure optimal mobility for the residents and users of our roads. This quarter has been one of the challenging in terms of Service Delivery, lack of crucial material, and no Budget to execute our Baseline Service Delivery and Budget Implementation Plan Targets. Regarding our ailing Fleet, it's really a challenge as we were unable to perform our normal/routine maintenance.

The Setsoto Local Municipality is responsible for maintenance and rehabilitation of existing roads including the upgrading of gravel roads to surfaced roads within the area under its jurisdiction. The identified storm-water problem in all four towns renders the roads unusable during rainy seasons and results in most of the properties being waterlogged. Poor drainage is also a health hazard as the waterlogged roads takes longer to dry up and children fall victim to diseases found while playing in the drainage basins. As a result, the Setsoto Local Municipality is therefore initiating an implementation plan.

T 3.7.1

Chapter 3

SERVICE STATISTICS: ROADS AND STORMWATER								
	Details	2017/2018		2018/2019		2019/2020	2020/2021	2021/2022
		Target	Actuals	Target	Actuals	Target	Target	Target
1	Percentage flexible pavement road infrastructure maintained	100%	136%	100%	101.61%	100%	100%	100%
2	Kilometres of sidewalks cleaned/repared	4	4	6	2.266	6	6	6
3	Square meters of potholes repaired	5 000	19 151.8	8000	16257.97 4	8000	9000	9000
4	Number of bollards installed	12	0	0	0	0	4	4
5	Kilometres of road gravelled	35	8.73	40	89.659	40	50	50
6	Number of speed humps installed	9	2	4	0	4	4	4
7	Kilometre of roads re-sealed	35	8.73	35	0	35	35	35
8	Percentage of storm water infrastructure maintained	100%	94.44%	100%	288.5%	100%	100%	100%
9	Kilometre of channel cleaned/repared	20	33.588	24	13.29	34	34	34
10	Number of kerb-inlet/catch pit cleaned	160	420	60	313	100	100	100
11	Number of reports generated	12	12	12	12	12	12	12
12	Number Reports generated	16	16	16	16	16	16	16
13	Number of risk register updated	4	4	4	4	4	4	4
14	Percentage external queries responded and addressed	100%	100%	100%	100%	100%	100%	100%
T 3.7.2								

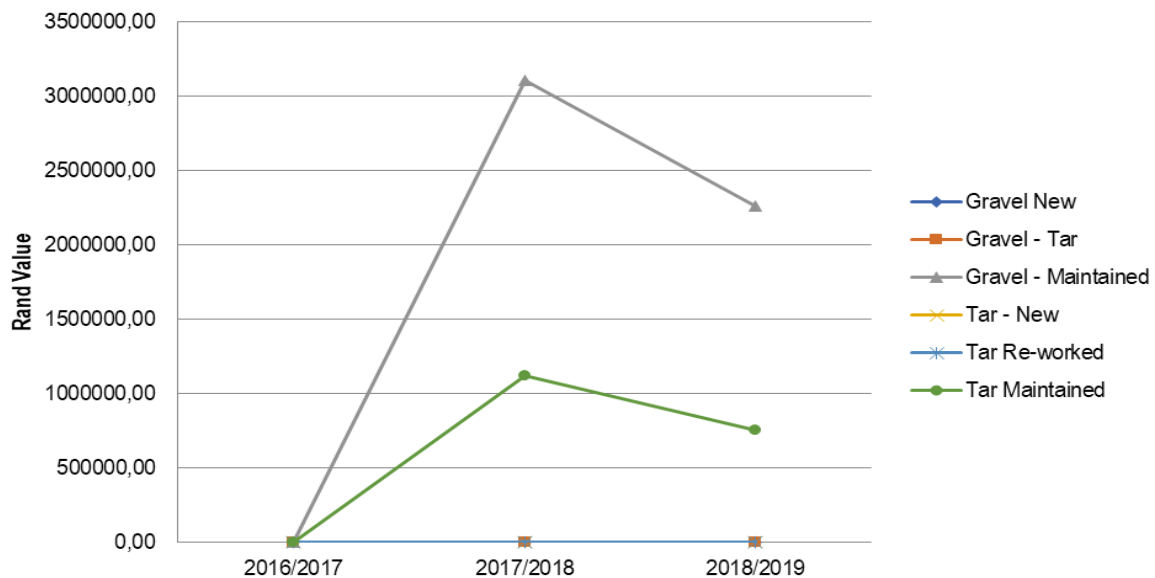
Gravel Road Infrastructure					Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained	
2016/2017	143	0	6	75	
2017/2018	137	0	6	96	
2018/2019	137	0	6	89.659	
T 3.7.3					

Tarred Road Infrastructure					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Tar roads maintained	
2016/2017	130	6.2	15	401	
2017/2018	136	6	0	467	
2018/2019	142	6	1.5	2.71	
T 3.7.4					

Cost of Construction/Maintenance							R' 000
	Gravel			Tar			
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained	
2016/2017	0	40	2 409	0	0	1 253	
2017/2018	0	0	3 103 385	0	0	1 120 709	
2017/2018	0	0	2 256 960	0	0	752 320	
T 3.7.5							

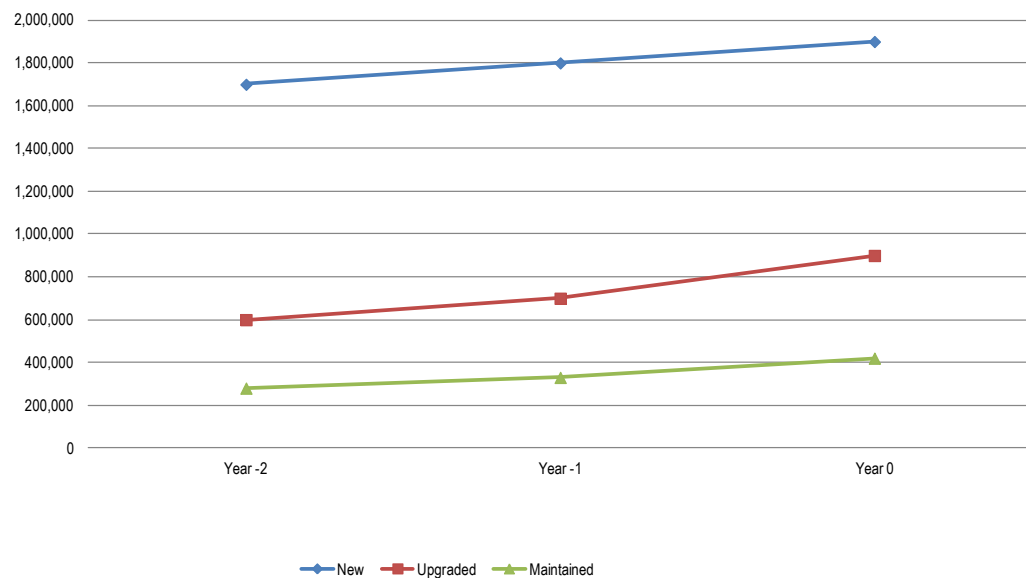
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Road Infrastructure costs



T 3.7.6

Stormwater infrastructure costs



T 3.7.7

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Roads and Storm Water Policy Objectives taken from the Integrated Development Plan											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
To provide efficient competitive sustainable economic infrastructure network and service delivery	Percentage Flexible Pavement Road Maintained	100%	100%	100%	100%	203%	100%	100%	100%	Target Extremely Met	
To provide efficient competitive sustainable economic infrastructure network and service delivery	m² of Potholes Repaired	2 000	8 000	8 000	8 000	16 234.6	8 000	8 000	8 000	Target Extremely Met	Continue monitoring
To provide efficient competitive sustainable economic infrastructure network and service delivery	Number of Speed Hump installed	0	4	4	4	0	4	4	4	Target Not Met No reasons provided for the variance	Increase the collection levels to ensure that funds are available for maintenance
To provide efficient competitive sustainable economic infrastructure network and service delivery	Km of re-gravelled	26.0km	40km	40km	40km	89.75km	40km	40km	40km	Target Not Met No reasons provided for the variance	Increase the collection levels to ensure that funds are available for maintenance
To provide efficient competitive sustainable economic infrastructure network and service delivery	Percentage of Stormwater Infrastructure Maintained	100%	100%	100%	100%	243%	100%	100%	100%	Target Extremely Met	Continue monitoring

Roads and Storm Water Policy Objectives taken from the Integrated Development Plan

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Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
To provide efficient competitive sustainable economic infrastructure network and service delivery	Km of channel cleaned/Repaired	10.0km	34km	34km	34km	9 707.49km	34km	34km	34km	Target Extremely Met No reasons provided for the variance	Continue monitoring
To provide efficient competitive sustainable economic infrastructure network and service delivery	No of Kerb-Inlet/catch pit Cleaned/Repaired	120	100	100	100	313	100	100	100	Target Extremely Met No reasons provided for the variance	Continue monitoring
To provide efficient competitive sustainable economic infrastructure network and service delivery	Km of Sidewalk Cleaned and Repaired	4km	6km	6km	6km	2.0613km	6km	6km	6km	Target Not Met Lack of maintenance funding due to low levels of revenue collection	Increase the collection levels to ensure that funds are available for maintenance
T 3.7.8											

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EMPLOYEES: ROADS AND STORMWATER: 2018/2019					
Job Level	2017/2018	2018/2019			
	Employee No.	Post No	Employee No	Vacancies (Fulltime Equivalents) No	Vacancies (as a % of total posts) %
0-3	1	2	1	1	50%
4-6	2	4	3	1	75%
7-9	9	10	8	2	20%
10-12	2	6	2	4	33%
13-15	20	33	18	15	55%
16-17	16	37	15	22	41%
Total	50	92	47	45	46%
					T 3.7.9

FINANCIAL PERFORMANCE 2018/2019 ROADS AND STORMWATER				
Details	2017/2018	2018/2019		
		R'000		
	Actual	Original Budget	Actual	Variance to Budget
Total Operating Revenue	26 528	16 284	12 783	3 501
Employees	11 744	10 038	9 904	134
Repairs and Maintenance	1 041	3 009	2 991	18
Other	5 666	5 385	5 666	281
Total Expenditure	18 451	14 089	13 841	248
Net Operational Expenditure	18 451	14 089	13 841	248
				T 3.7.10

CAPITAL EXPENDITURE 2018/2019: ROADS AND STORMWATER				
Total All	Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
No capital projects implemented for the year under review				
				T 3.7.11

COMMENT ON THE PERFORMANCE OF ROADS OVERALL

The division had not performed well in the year under view based on the budget shortfall allocated to the division, furthermore the cash flow challenges faced by the Municipality had a huge negative impact in the maintenance of roads and stormwater infrastructure. The Project Management Unit (PMU) Division were able to assist with maintaining municipal Tar/Asphalt roads especially in Ficksburg. The challenges of unavailability of material, and shortage of personnel especially the critical post of 1 Supervisor (Senekal) had impacted negatively on service delivery

• CHALLENGES

The challenges of unavailability of material, and shortage of personnel especially the critical post of 1 Supervisor (Senekal) had impacted negatively on service delivery

• RISK

➤ Under-performance of the department due to lack of vehicles, tools and equipment.

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- More delays will result in increased rehabilitation and reconstruction costs, and a risk of increased claims from road users due to damage on their vehicles, and possible public protest against the municipality due to non-performance.

T 3.7.12

COMPONENT C: PLANNING AND DEVELOPMENT

3.8 PROJECT MANAGEMENT

INTRODUCTION TO PROJECT MANAGEMENT

The Project Management Unit is division responsible for the implementation of all municipal capital infrastructure projects specifically for new infrastructure and the refurbishment of the existing infrastructure. The PMU is also responsible for compliance on the sector norms and standards as well as the Division of Revenue Act for grant funded projects prior, during and post the implementation of the projects.

The PMU division as part of its responsibility is to ensure value for money on the assets that are being implemented and maintain expenditure on all allocated grants allocations. The PMU is responsible of mitigating any form of risk against the implementation of projects that may result to poor expenditure of the grants and poor performance by the service providers. To date for the full period of the MTEF, the PMU has successfully maintained a clean sheet towards expenditure as well as compliance to the grant conditions.

T 3.8.1

Chapter 3

Water and Sewer Service: Operations and Maintenance Services Policy Objectives taken from Integrated Development Plan											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
To provide efficient competitive sustainable economic infrastructure network and service delivery	Percentage of progress on capital project implementation	245%	245%	245%	245%	100%	100%	100%	100%	Target Met	Continue monitoring
To provide efficient competitive sustainable economic infrastructure network and service delivery	Number of reports on the implementation of capital projects generated	45	61	45	45	60	45	45	45	Target Well Met No reasons provided for variance	Continue monitoring
T 3.8.3											

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EMPLOYEES: PROJECT MANAGEMENT UNIT					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	4	4	4	0	0%
					T 3.8.4

FINANCIAL PERFORMANCE 2018/2019: PROJECT MANAGEMENT UNIT					
R'000					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	125	2 889	2 889	2 889	0%
Expenditure					
Employees	125	2 787	2 787	2 787	0%
Repairs and Maintenance					
Other	45	102	102	102	0%
Total Operational Expenditure	170	2 889	2 889	2 889	0%
Net Operational Expenditure	45	-	-	-	0%
					T 3.8.5

CAPITAL EXPENDITURE 2018/2019: PROJECT MANAGEMENT UNIT					
R' 000					
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	149 920	149 920	149 920	0%	
Clocolan/Hlohlolwane: Construction of 3.0 km Paved Road and Storm Water Drainage	39 924	39 924	39 924	0%	21 992
Senekal/Matwabeng: Construction of new indoor sports and recreational facility (MIS:227708)	346	346	346	0%	17 174
Moemaneng/Marquard: New water reticulation network for 1110 erven (MIS:242906)	1 801	1 801	1 801	0%	12 806
Marquard/Moemaneng: Construction of internal sewer reticulation for 1110 new sites (MIS:262536)	1 800	1 800	1 800	0%	18 877
Ficksburg/Meqheleng: Conversion of 969 VIP to waterborne toilets (MIS:236000)	16 504	16 504	16 504	0%	28 021

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CAPITAL EXPENDITURE 2018/2019: PROJECT MANAGEMENT UNIT					
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Ficksburg/Meqheleng: Upgrading of Stadium Facilities (MIS:274204)	1 121	1 121	1 121	0%	3 423
Meqheleng: Development of new Cemetery (MIS:274200)	2 028	2 028	2 028	0%	7 231
Ficksburg/Meqheleng: Rehabilitation of 1.5 km surfaced and storm water drainage (MIS:271317)	1 997	1 997	1 997	0%	4 104
Clocolan: Upgrading of the Waste Water Treatment Works (MIS:269974)	21 291	21 291	21 291	0%	38 418
Moemaneng/Marquard: Upgrading of Recreational and Sport Facilities at Moemaneng stadium (MIS:286133)	4 013	4 013	4 013	0%	11 500
Construction of 500mm diameter pipeline from De Put to the Water Treatment Works in Senekal/Matwabeng	11 800	11 800	11 800	0%	26 175
Construction of 11Ml Reinforced Concrete Reservoir in Senekal/Matwabeng	12 200	12 200	12 200	0%	26 276
Upgrading of the 1,5km clear water rising main line from the Water Treatment Works (WTW) to the Reservoirs	9 286	9 286	9 286	0%	9 775
Upgrading of the Van Soelen outfall sewer line (Phase 2)	24 127	24 127	24 127	0%	39 995
Electrification of the 40 HH in Naledi Village	682	682	682	0%	1 346
Construction of De Put Abstraction Pump Station (Mechanical and Electrical)	500	500	500	0%	On Tender
Construction of De Put Abstraction Pump Station, Booster Pump Station and Associated Works Including the Resuscitation of the De Put WTW (Civil)	500	500	500	0%	On Tender
					T 3.8.6

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COMMENT ON THE PERFORMANCE OF PROJECT MANAGEMENT OVERALL

The overall performance of the PMU expenditure on capital projects was well executed with 100% expenditure on all grant allocated. The municipality for the financial year 2018/19 had implemented some major capital projects through Municipal Infrastructure Grant (MIG), Water Services Infrastructure Grant (WSIG) and Regional Infrastructure Grant (RBIG). The Upgrading of the Clocolan Waste Water Treatment works (WWTW) in Clocolan (MIG), Upgrading of the Van Soelen Outfall Sewer line in Ficksburg/Meqheleng (WSIG), Construction of the 11ML Reservoir in Senekal parallel to the Construction of the 500mm diameter pipe line from De Put Dam to Water Treatment Works (WTW) in Senekal/Matwabeng has been executed and are currently under construction.

The municipality has been allocated funds within the MTEF budget to address the issues of back logs mainly relating to water, sewer and roads in line with the IDP targets which will ensure that those targets are met, however the PMU division would continue to source funding from sector departments to expand the bucket of allocations to eradicate more backlogs beyond the set target on the IDP. The primary focus of the largest capital projects is to address issues relating to water and sanitation which are the main basic service that are rendered to both new and old residential areas. During the implementation of the scope for some capital projects there were variations orders that were approved as a result of unforeseen circumstances such as high quantities of rock, old existing infrastructure linked to the project and change of scope.

T 3.8.7

3.9 INTEGRATED DEVELOPMENT PLANNING AND PERFORMANCE MANAGEMENT

INTRODUCTION TO INTEGRATED DEVELOPMENT PLANNING AND PERFORMANCE MANAGEMENT SYSTEM

The Integrated Development Planning and Performance Management Systems Division is a principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making processes in a municipality. Integrated Development Plan is a five-year development plan directly linked to five-year term of office for local councillors therefore It means that planning has to be developmental and it has to focus on the needs of the poor. The Integrated Development Plan process can take up to nine months to complete the cycle, but the process does not affect the implementation of existing projects in a municipality.

Involves entire municipality and its citizens finding the best solutions to achieve sustainable long-term development. It's the allocation available and accessible resources around certain

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development priorities and strategies and focus on service delivery. Integrated Development Plan is drawn up to improve the quality of people's lives through the formulation of integrated and sustainable projects and programmes. Performance Management is a process which measures the implementation of the organisation's strategy. At Local Government level this has become an imperative, with economic development, transformation, governance, and finance and service delivery being the critical elements in terms of Local Government Strategy

Performance Management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met. National Government has also found it necessary to institutionalize and provide legislation on the Performance Management Process for Local Government. The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the Municipal System Act, 32 of 2000 and the Municipal Finance Management Act, 56 of 2003, requires the Integrated Development Plan to be aligned to the municipal budget and to be monitored for the performance of the budget against the Integrated Development Plan via the Service Delivery and the Budget Implementation implemented and monitored. This framework therefore describes how the municipality's performance process, for the organisation as a whole will be conducted in organised and managed.

T 3.9.1

Service Statistics: Integrated Development Planning and Performance Management								
	Details	2017/2018		2018/2019		2019/2020	2020/2021	2021/2022
		Target	Actuals	Target	Actuals	Target	Target	Target
1	Number of Integrated Development Planning Process Plan developed and approved	1	1	1	1	1	1	1
2	Number of progress reports on the implementation of Back to Basic Principles	4	4	4	2	4	4	4
3	Number of quarterly reports developed and submitted	1	1	1	1	1	1	1
4	Number of Performance Management Systems Handbook reviewed and approved	1	1	1	1	1	1	1
5	Number of draft Integrated Development Plan document developed, reviewed and approved	1	1	1	1	1	1	1
6	Number of Integrated Development Plan document developed, reviewed and approved	1	1	1	1	1	1	1
7	Number of employee appraisals conducted	4	0	4	0	4	4	4
8	Number of Service Delivery and Budget Implementation Plan developed and approved	1	1	1	1	1	1	1
9	Number of Adjusted Service Delivery and Budget Implementation Plan developed and approved	1	1	1	2	1	1	1
10	Number of Risk Registers developed and submitted	4	4	4	1	4	4	4
11	Number of progress report on the implementation of Audit Action Plan	4	4	4	1	4	4	4
12	Percentage internal and external audit queries responded to and addressed	100%	100%	100%	100%	100%	100%	100%
T 3.9.2								

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INTEGRATED DEVELOPMENT PLANNING AND PERFORMANCE MANAGEMENT SYSTEMS POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
Service Indicators											
(i)	(ii)										
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Public Participation and Strategic Planning	Number of Integrated Development Planning Process Plan developed and approved	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good Governance and Administration	Number of progress reports on the implementation of Back to Basic Principles	4	4	4	4	2	4	4	4	Target Not Met Crack Team not meeting as per the schedule	Crack Team to ensure that it meets as per its yearly schedule
Good Governance and Administration	Number of quarterly reports developed and submitted	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance and Public Participation and Administration	Number of Performance Management Systems Handbook reviewed and approved	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good Governance and Public Participation	Number of draft Integrated Development Plan document developed, reviewed and approved	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good Governance and Public Participation	Number of Integrated Development Plan document developed, reviewed and approved	1	1	1	1	1	1	1	1	Target Met	Continue monitoring

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INTEGRATED DEVELOPMENT PLANNING AND PERFORMANCE MANAGEMENT SYSTEMS POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
<i>Service Indicators</i>											
(i)	(ii)										
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Good Governance and Administration	Number of employee appraisals conducted	4	0	4	4	0	4	4	4	Target Not Met The Committee did not sit as per the requirement	Municipal Manager to ensure that all legal requirements are met, and that revenue is enhanced to provide for funding for the sitting of the committee
Good Governance and Administration	Number of Service Delivery and Budget Implementation Plan developed and approved	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good Governance and Administration	Number of Adjusted Service Delivery and Budget Implementation Plan developed and approved	1	1	1	1	2	1	1	1	Target Met	Continue monitoring
Good Governance and Administration	Number of Risk Registers developed and submitted	4	4	4	4	1	4	4	4	Target Not met The Risk Committee did not meet as required	Municipal Manager to ensure that risk management activities are taken seriously by the employees

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INTEGRATED DEVELOPMENT PLANNING AND PERFORMANCE MANAGEMENT SYSTEMS POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
	<i>Service Indicators</i>										
(i)	(ii)										
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Good Governance and Administration	Number of progress report on the implementation of Audit Action Plan	4	4	4	4	1	1	4	4	Target Not Met Departments did not always update the progress on the Audit Action Plan	Directors to ensure that quarterly progress on the Audit Action Plan is submitted and accompanied by the supporting documents
Good Governance and Administration	Percentage internal and external audit queries responded to and addressed	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
T 3.9.3											

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EMPLOYEES: INTEGRATED DEVELOPMENT PLANNING AND PERFORMANCE MANAGEMENT SYSTEMS: 2018/2019					
Job Level	2017/2018	2018/2019			
	Employee No.	Post No	Employee No	Vacancies (Fulltime Equivalents) No	Vacancies (as a % of total posts) %
0-3	1	1	1	0	0%
4-6	1	2	1	1	50%
7-9	2	2	2	0	0%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-17	0	0	0	0	0%
Total	4	5	4	1	20%

T 3.9.4

FINANCIAL PERFORMANCE 2018/2019: IDP/PMS				
Details	2017/2018	2018/2019		
	Actual	Original Budget	Actual	Variance to Budget
Total Operating Revenue	0	0	0	0%
Expenditure				
Employees	0.00	2 001 108	2 001 108	0%
Repairs and Maintenance	0.00	0.00	0.00	0
Other	0.00	0.00	0.00	0
Total Expenditure	0.00	-2 001 108	-2 001 108	0
Net Operational Expenditure	0.00	-2 001 108	-2 001 108	0%

T 3.9.5

CAPITAL EXPENDITURE 2018/2019: INTEGRATED DEVELOPMENT PLANNING AND PERFORMANCE MANAGEMENT SYSTEMS				
Total All	Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
No capital projects were implemented in the year under review				

T 3.9.6

COMMENT ON THE PERFORMANCE OF INTEGRATED DEVELOPMENT PLANNING AND PERFORMANCE MANAGEMENT SYSTEMS OVERALL

The division has been ensuring that planning and monitoring is happening within the municipality. A lot of work was put in place to ensure that alignment is done between the planning and reported performance information. Quarterly reports have been submitted as per the legislative requirements.

3.9.7

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3.10 LOCAL ECONOMIC DEVELOPMENT AND TOURISM

INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT AND TOURISM

Local Economic Development in Setsoto Local municipality will always seek to create competitive, sustainable, diverse, innovation-driven inclusive economies that are vibrant places in which to live, invest, and work, which in turn maximize local opportunities, address local needs, and contribute to Setsoto's development objectives. As its characteristic, local economic development process involves identifying and using local resources, ideas and skills to stimulate economic growth and development. The aim of local economic development is to create employment opportunities for residents, alleviate poverty, and redistribute resources and opportunities to the benefit of all residents.

In terms of the White Paper on local Government 1998, the municipality's role, and its key mandate is to create a conducive environment in which maximum participation in the process is achieved and where business will flourish. However, there are certain instances where the municipality, through programmes such as Extended Public Works Programme and Community Works Programme, creates short-term employment opportunities. Despite the various interpretations advanced, local economic development initiatives always take place in the context of the micro and macro environments which implies that changes in any of the environments, will invariably have an impact on local economies as well. For example, a fluctuation in prices of commodities such as petrol may cause certain business operations to shut down, and if such businesses are main employers in a small town, it then causes unemployment to become even higher.

The Setsoto local municipality's Local Economic Development Implementation Framework has been designed so as to take into account the imperatives of both the 2006-2011 and 2013-2018 National Local Economic Development Frameworks but due to latest development shifts, the municipality will always strive to align to the new National Framework for Local Economic Development: Creating Innovation-driven local economies (2018-2028). The framework emphasizes planning based on the following six policy pillars:

Policy Pillar 1: Building diverse & innovation-driven local economies

Policy Pillar 2: Developing inclusive economies

Policy Pillar 3: Developing learning and skilful economies

Policy Pillar 4: Enterprise development and support

Policy pillar 5: Economic governance and infrastructure

Policy Pillar 6: Strengthening local innovation system

T 3.10.1

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SERVICE STATISTICS: LED AND TOURISM								
	Details	2017/2018		2018/2019		2019/2020	2020/2021	2021/2022
		Target	Actuals	Target	Actuals	Target	Target	Target
1	Number of office Walk-Ins by SMME's, Street Traders, Cooperatives and NPO/NGO for assistance, advice, referrals for financing, skills development and registrations.	200	316	200	373	200	200	200
2	Number of Capacity building activities offered to SMME's, Street Traders, NPO/NGO's and Cooperatives in terms of trainings; workshops; awareness campaigns; roadshows and seminars conducted	0	0	25	25	25	25	25
3	Number of SMME's; Cooperatives; NPO/NGO assisted with preparation of application for accessing funding	10	10	10	8	10	10	10
4	Number of updated Vendor database	0	0	1	1	1	1	1
5	Number of Business Forum meetings facilitated in each of the 4 Towns of Setsoto municipality	0	0	16	21	16	16	16
6	Number of Hawkers Associations meetings facilitated in all 4 Towns of Setsoto municipality	0	0	16	9	16	16	16
7	Number of Agricultural Development initiatives undertaken specifically targeting Youth and Women	39	90	60	42	60	60	60
8	Number of Monitoring and evaluation of projects reports submitted	0	0	32	8	32	32	32
9	Number of approved Sector Plans [LED Strategy review]	1	0	1	0	1	0	0
10	Number of databases for Arts & Crafters updated	68	59	50	48	50	50	50
11	Number of updated tourism Establishment database	0	0	1	1	1	1	1
12	Number of Crafters assisted to participate in exhibitions	0	0	32	8	32	32	32
13	Number of Business Licenses issued	150	300	200	0	200	200	200
14	Number of Hawker permits issued	80	80	80	27	80	80	80
15	Percentage business license applications and permits processed and approved within required timeframe	100%	100%	100%	0%	100%	100%	100%
16	Number of work opportunities created through EPWP, CWP and other related infrastructure	0	258	0	453	200	200	200
17	Number of activities on sports, arts and culture programmes implemented	6	6	6	6	6	6	6
18	Number of sports council meeting facilitated	4	4	4	5	4	4	4
19	Number of Sports and Recreation Council training/ workshop conducted	0	0	2	2	2	2	2
20	Number of updates on the risk register	1	1	1	1	1	1	1
21	Percentage external and internal audit queries responded to and addressed within timeframe.	100%	100%	100%	100%	100%	100%	100%
								T 3.10.2

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Economic Activity by Sector				R '000
Sector	2016/2017	2017/2018	2018/2019	
Agric, forestry and fishing				179 082
Mining and quarrying				111
Manufacturing				44 450
Electricity/Water				7 929
Construction				2 769
Trade				117 394
Transport				22 848
Finance				118 939
Government, Community and social				6 574
Private Households				98 870
Total	0	0		598 966
				T 3.10.3

Economic Employment by Sector				Jobs
Sector	2016/2017	2017/2018	2018/2019	
	No.	No.	No.	
Agric, forestry and fishing	0	0		70
Mining and quarrying	0	0		17
Manufacturing	0	0		68
Electricity/Water	0	0		12
Construction	0	0		56
Trade	0	0		175
Transport	0	0		43
Finance	0	0		54
Government, Community and social	0	0		190
Private Households	0	0		82
Total	0	0		767
				T 3.10.4

COMMENT ON LOCAL JOB OPPORTUNITIES:

For the year under review, there are **1 473** jobs opportunities created by new projects introduced under CPWP and CWP Programmes ran by municipality.

The major focus of LED division was to facilitate workshops and trainings to upskill local SMME's. A total of fifteen (15) trainings and workshops were conducted and through these a further 1028 SMMEs' benefited from these activities. It is anticipated that through acquiring these skills, some of the SMME's affected will be able to start new businesses or strengthen existing businesses. The effect of the current and slow economic growth does not assist in alleviation of unemployment. The unemployment rate in Setsoto local municipality currently stands at 37.7%.

In comparison, Setsoto local municipality has an Index of Buying Power of 0.00; Thabo Mofutsanyana District 0.01; Free State Province has 0.5 while National is 1.00. This suggest that residents are most likely spending some of their income in neighbouring areas such as Bethlehem. There are also contributing factors such as transferring of income out of the

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country by foreign nationals. Another factor is the effect of imported and counterfeit goods which contribute in local manufactures' declining production of goods and services and ultimately shutting down their businesses.

The prospects for creating employment, are guaranteed where the economy is highly diversified. Setsoto economy is not diversified as the dominant sector is agriculture. If both economic growth and alleviation of poverty are of concern, the municipality need to look at prospects of industrialization which is a process that is accompanied by diverse skills.

The formal sector employs a total number of 26, 600 people. The Informal Trade as a sector has currently an estimated total of 4 240 with the majority being in retail. Tourism industry contributes almost an average of 5.6% of Setsoto GDP of R5.7 billion per annum. The average tourism spend per capita is R2, 710. Because of the high number of 95 000 tourists that visits Setsoto annually, the municipality is ranked number 3 in the Thabo Mofutsanyana District.

T 3.10.5

Jobs Created during 2018/2019 by Local Economic Development Initiatives (Excluding Extended Public Works Programme projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
2015/2016	29		29	Reports
2016/2017	0		0	
2017/2018	142		142	Reports
2018/2019	0		0	

T 3.10.5

Job creation through Extended Public Works Programme* Projects		
Details	EPWP Projects No.	Jobs created through Extended Public Works Programme Projects No.
2015/2016	4	230
2016/2017	10	1 808
2017/2018	10	448
2018/2019	8	1 473
Extended Public Works Programme and Community Works Programme		
Clocolan 3km road paving	1	13
Meqheleng upgrading of sports facilities	1	7
Meqheleng rehabilitation: 1,5km tarred road	1	9
Van Soelen pipe upgrading	1	25
Door to door waste removal	1	78
Setsoto cleaning campaign	1	79
Setsoto cleaning campaign and greening	1	62
Community Works Programme Projects	1	1 200
Total	8	1 473

T 3.10.6

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LOCAL ECONOMIC DEVELOPMENT AND TOURISM POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Ensuring that the municipal environment is conducive to economic development	Number of office Walk-Ins by SMME's, Street Traders, Cooperatives and NPO/NGO for assistance, advice, referrals for financing, skills development and registrations.	200	200	200	200	373	200	200	200	Target Extremely Met No reasons provided for the variance	Continue monitoring
Ensuring that the municipal environment is conducive to economic development	Number of Capacity building activities offered to SMME's, Street Traders, NPO/NGO's and Cooperatives in terms of trainings; workshops; awareness campaigns; roadshows and seminars conducted	8	6	8	4	15	4	4	4	Target Extremely Met No reasons provided for the variance	Continue monitoring
Ensuring that the municipal environment is conducive to economic development	Number of SMME's; Cooperatives; NPO/NGO assisted with preparation of application for accessing funding	20	12	20	10	31	10	10	10	Target Extremely Met No reasons provided for the variance	Continue monitoring
Ensuring that the municipal environment is conducive to economic development	Number of updated Vendor database	1	0	1	1	1	1	1	1	Target Met	Continue monitoring
Ensuring that the municipal environment is conducive to economic development	Number of Business Forum meetings facilitated in each of the 4 Towns of Setsoto municipality	16	0	16	16	22	16	16	16	Target Extremely Met No reasons provided for the variance	Continue monitoring

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LOCAL ECONOMIC DEVELOPMENT AND TOURISM POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Ensuring that the municipal environment is conducive to economic development	Number of Hawkers Associations meetings facilitated in all 4 Towns of Setsoto municipality	16	4	16	16	21	16	16	16	Target Extremely Met No reasons provided for the variance	Continue monitoring
Ensuring that the municipal environment is conducive to economic development	Number of Agricultural Development initiatives undertaken specifically targeting Youth and Women	60	60	60	60	42	60	60	60	Target Not Met No reasons provided for the variance	Engage relevant stakeholders to assist with funding targeting these groups
Ensuring that the municipal environment is conducive to economic development	Number of Monitoring and evaluation of projects reports submitted	32	0	32	32	8	32	32	32	Target Not Met No reasons provided for the variance	Ensure that reports are submitted regularly as required
Ensuring that the municipal environment is conducive to economic development	Number of approved Sector Plans [LED Strategy review]	0	1	1	1	0	1	1	1	Target Not Met No reasons provided for the variance	Engage COGTA to finalise the review process
Ensuring that the municipal environment is conducive to economic development	Number of databases for Arts & Crafters updated	0	1	1	1	1	1	1	1	Target Met	Continue monitoring
Ensuring that the municipal environment is conducive to economic development	Number of updated tourism Establishment database	1	1	1	1	1	1	1	1	Target Met	Continue monitoring

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LOCAL ECONOMIC DEVELOPMENT AND TOURISM POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Ensuring that the municipal environment is conducive to economic development	Number of Crafters assisted to participate in exhibitions	68	50	50	50	13	50	50	50	Target Not Met No reasons provided for the variance	Engage relevant stakeholders to assist with funding targeting these groups
Ensuring that the municipal environment is conducive to economic development	Number of Business Licenses issued	200	200	200	200	0	200	200	200	Target Not Met No reasons provided for the variance	Ensure that all businesses are issued with licenses
Ensuring that the municipal environment is conducive to economic development	Number of Hawker permits issued	50	80	80	80	27	80	80	80	Target Not Met No reasons provided for the variance	Ensure that all hawkers are issued with permits
Ensuring that the municipal environment is conducive to economic development	Percentage business license applications and permits processed and approved within required timeframe	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Ensuring that risks are managed and mitigated to a tolerable level	Number of updates on the risk register	4	4	4	4	4	4	4	4	Target Met	Continue monitoring

LOCAL ECONOMIC DEVELOPMENT AND TOURISM POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN						
Service Objectives	Outline Service Targets	2017/2018	2018/2019	2019/2020-2021/2022	Reasons	Measures taken to

Chapter 3

Service Indicators		Target	Actual	Target		Actual	Target			for Variance	address underperformance
		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Planning Statement	Key Performance Indicator										
Good governance and monitoring of compliance	Percentage external and internal audit queries responded to and addressed within timeframe.	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
T 3.10.7											

Chapter 3

EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT AND TOURISM					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	1	0	0%
4 - 6	1	3	1	2	67%
7 - 9	2	6	2	4	67%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	4	10	4	6	60%
					T 3.10.8

FINANCIAL PERFORMANCE 2018/2019: LOCAL ECONOMIC DEVELOPMENT AND TOURISM					
					R'000
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-190	0	0	0	0%
Expenditure					
Employees	175	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	78	0	0	0	0%
Total Operational Expenditure	253	0	0	0	0%
Net Operational Expenditure	443	0	0	0	0%
					T 3.10.9

CAPITAL EXPENDITURE 2018/2019: LOCAL ECONOMIC DEVELOPMENT AND TOURISM				
Total All	Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
No Capital project implemented				
				T 3.10.10

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The Local Economic Development division relies heavily on the innovativeness of entrepreneurs as well as support from other government stakeholders and a strong financial backing to drive its function. To implement some of the interventions that requires funds, the Local Economic Development often link these entrepreneurs with Development Financing Institutions around the country. For the period under review, this division has successfully implemented the following projects:

Small Medium Micro Enterprise Consultation Service

Through office walk-ins, the Local Economic Development unit has interviewed or conducted consultations to 264 existing and potential entrepreneurs. The office offered services ranging from advice on business development to referral for funding by DFI's

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Funding Proposals

As at the end of the financial year, 31 entrepreneurs, inclusive of 23 cooperatives have been assisted to submit applications for funding to department of Small Business Development through the Cooperative Incentive Scheme.

SMME Capacity Building

The LED employs different strategies to ensure that local entrepreneurs receive necessary skills and information that is vital to their survival. These include among others: Structured Trainings; workshops; outreach programmes and information sharing sessions. During the period under review, a total of 1280 entrepreneurs were capacitated were as follows:

(a) FDC Induction: where 52 youths from Ficksburg received UIF Skills Development training

(b) Sernick Group trainings: where 91 Livestock farmers in Senekal and Marquard were trained in Feedlot

management and Animal care

(c) Department of Arts & Culture: conducted visual arts & crafters workshop to 33 beneficiaries.

(d) SEDA Trainings: offered to 90 entrepreneurs on Basic Business Skills in Clocolan.

(e) SEDA Outreach: this programme was conducted to a total of 448 SMME's throughout the four towns of

Setsoto municipality.

(f) Setsoto PMU: conducted contractor education workshop to 115 SMME's throughout the four towns of

Setsoto municipality.

(g) DRDLR: also conducted information sharing sessions throughout the four towns of Setsoto municipality on

the new process of the land acquisition strategy where 109 beneficiaries attended.

T 3.10.11

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.11 PARKS AND CEMETERIES

INTRODUCTION TO PARKS AND CEMETERIES

Parks service is seasonal, and the following are covered:

- The maintenance of the municipal gardens, pavements (sidewalks) and open space.
- The maintenance of sport facilities and swimming pool.
- The cleaning of the town halls and community halls.

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- The maintenance and management of the caravan park
- Planting and maintaining trees in municipal area

The service regarding the provision of cemetery management is seen as an important part of the service rendered by the municipality to the community and is done with the necessary sensitivity. The section provides graves to communities ensure that the burial registers are indicative of a proper grave number. The section also provides the maintenance of cemeteries.

Destitute families are assisted by the municipality to obtain a grave and services by a funeral undertaker as per approved indigent policy upon approved requests. Information was obtained from service providers to investigate the possible areas for the planning of cemeteries in Setsoto to ensure adequate space for cemetery development.

T 3.11.1

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Parks and Cemeteries Policy Objectives taken from Integrated Development Plan											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Ensure proper management and maintenance of parks	Number of parks managed	7	7	7	7	7	7	7	7	Target Met	Continue monitoring
Ensure proper management and maintenance of recreational facilities	Number of recreational facilities managed	6	6	6	6	6	6	6	6	Target Met	Continue monitoring
Conservation of the environment	Number of trees planted in public places	150	152	150	150	233	150	150	150	Target Extremely Met No reasons provided for the variance	Continue monitoring
Ensure proper management and maintenance of municipal properties	Number of halls cleaned and prepared	10	12	10	11	12	11	11	11	Target Well Met No reasons provided for the variance	Ensure that all halls are cleaned and prepared as per the schedule
Ensure compliance with environmental regulations	Number of approved reviewed Integrated Environmental Management Plan	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Ensure proper management and maintenance of cemeteries	Number of cemeteries managed	8	21	8	8	8	8	8	8	Target Met	Continue monitoring
Ensure proper management and maintenance of cemeteries	Number of Burial Registers updated	8	8	8	8	8	8	8	8	Target Met	Continue monitoring

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Parks and Cemeteries Policy Objectives taken from Integrated Development Plan											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
<i>Service Indicators</i>		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Ensuring proper management of risk and mitigation to the tolerable level within the municipality	Number of updates on the risk register	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good governance and monitoring of compliance	Percentage external and internal audit queries responded to and addressed within timeframe	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
T 3.11.2											

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EMPLOYEES: PARKS AND CEMETERIES					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	2	6	2	4	67%
7 - 9	3	8	3	5	63%
10 - 12	3	9	3	6	67%
13 - 15	15	27	15	12	44%
16 - 18	38	77	38	39	51%
19 - 20	0	0	0	0	0%
Total	61	128	61	67	52%
					T 3.11.3

FINANCIAL PERFORMANCE YEAR 2018/2019: CEMETERIES AND PARKS					
R'000					
Details	2017//2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	795	47	39	0	0%
Expenditure					
Employees	11 227	10 838	7 613	104 74	-3%
Repairs and Maintenance	25	232	153	81	-186%
Other	3 583	549	397	1 298	58%
Total Operational Expenditure	14 835	11 618	8 163	11 853	2%
Net Operational Expenditure	14 039	11 571	8 124	11 853	2%
					T 3.11.4

COMMENT ON THE PERFORMANCE OF PARKS AND CEMETERIES OVERALL

The delivery of services was hampered due to the not availability of vehicles and equipment. Additional Expanded Public Works Programme beneficiaries and Community Works Programme employees has brought a major impact in improving the service we render to the community of Setsoto Municipality.

Development of new cemetery in Ficksburg started in the last quarter of this financial year, with a planned implementation of the new cemetery in the last quarter of 2019/2019 financial year. Mapenyadira and Moemaneng halls are still closed temporarily due to vandalism so processes are under way to repair them.

Youth Community Outreach Coordinator

The Department of Environmental Affairs appointed the Youth Community Outreach Coordinator (YCOC) in January this year for a period of 3 years, in order to coordinate the Good Green Deeds Project (GGD)/ Thuma Mina. The GGD project assist the municipality on removing waste/illegal dumping to ensure that the community is clean and healthy as stipulated on the Constitution of South Africa, section 24 which states the right of the community to an environment that is not harmful to their health and wellbeing. There will

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be 22 participants appointed which will assist in clean up campaigns and Education & Awareness.

Environmental Educators

- Champion/conduct community-ward based environmental education and awareness (7)
- Environmental Educators will be appointed by Project management Companies to be appointed by EPIP on a 24 months contract.

General Workers

- General workers would be appointed for a period of 12 months to assist with the collection of waste

In improving the service delivery, employees have been identified and been sent for training on yellow fleet.

T 3.11.7

COMPONENT E: PUBLIC SAFETY

3.12 SECURITY SERVICE AND PROPERTY MANAGEMENT

INTRODUCTION TO SECURITY SERVICES AND PROPERTY MANAGEMENT

The mandate of the Security Division is to ensure safety of municipal employees and property by means of access control to municipal buildings, implement security measures in the form of counter intelligence and to represent the municipality at broad security forums and participate in all security related matters of local, provincial and national interest. Facilities management section ensures that facilities are maintained to be at the required standard which will enhance the life span off such facilities.

T 3.12.1

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SERVICE STATISTICS: SECURITY SERVICES								
	Details	2017/2018		2018/2019		2019/2020	2020/2021	2021/2022
		Target	Actuals	Target	Actuals	Target	Target	Target
1	Number of security policy reviewed	1	0	1	1	1	1	1
2	Percentage of personnel vetted	0%	0%	100%	100%	100%	100%	100%
3	Number of Awareness on security conducted	0	0	4	0	4	0	4
4	Number of maintenance plan developed and approved	1	0	1	1	1	1	1
5	Number of properties maintained and repaired	87	87	50	25	50	50	100
6	Number of risk registers updated	4	4	4	4	4	4	4
7	Percentage of risk assessment conducted on events hosted	100%	100%	100%	100%	100%	100%	100%
8	Percentage respond (external) within time frame	100%	100%	100%	100%	100%	100%	100%
9	Percentage respond (internal) within time frame	100%	100%	100%	100%	100%	100%	100%
10	Percentage reduction of external and internal audit findings responded to and addressed	75%	90%	100%	100%	100%	100%	100%
11	Number of monthly updates of progress on audit action plan	2	2	2	2	2	2	2
								T 3.12.2

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SECURITY SERVICES AND PROPERTY MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Ensuring the proper and transparent co-ordination of recruitment processes	Number of employees vetted (Security Clearance)	40	29	40	20	41	20	20	20	Target Extremely Met	Continue monitoring
										No reasons provided for variance	
Ensuring that employees are aware of security issues within the municipality	Number of security awareness campaigns	2	0	2	2	1	2	2	2	Target Not Met	Ensure that campaigns are held in order to make employee aware of their safety and security
										No reasons provided for variance	
Ensuring intergovernmental relations and good governance and administration	Number of Security Managers Forum meetings attended	4	4	4	4	2	4	4	4	Target Not Met	Ensure that personnel attend relevant fora to share knowledge
										No reasons provided for variance	
Ensuring proper security to all municipal properties	Number of properties provided with security	21	21	21	23	24	24	24	24	Target Well Met	Continue monitoring
										Target Not Met	
										No reasons provided for variance	
Managing public protests and riots	Percentage of Section 4 meetings held	100%	0	100%	100%	100%	100%	100%		Target Met	Continue monitoring

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SECURITY SERVICES AND PROPERTY MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Ensuring good governance and administration	Number of security committee established	1	0	1	1	1	1	1	1	Target Met	Continue monitoring
Ensuring good governance and administration	Percentage protest complaints reported and resolved within required timeframe	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Ensuring to security regulations	Number of maintenance plan developed	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Ensuring proper security to all municipal properties	Percentage of properties repaired	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Ensuring that risks are managed and mitigated to a tolerable level within the municipality	Number of updates on the risk register	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Ensuring good governance and monitoring compliance	Percentage external and internal audit queries responded to and addressed within timeframe	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
T 3.12.3											

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EMPLOYEES: SECURITY AND PROPERTY MANAGEMENT: 2017/2018					
Job Level	2016/2017	Fourth Quarter 2017/2018			
	No of Employee	Post	No of Employee	Vacancies (Fulltime Equivalents) No	Vacancies (as a % of total posts) %
0-3	1	1	1	1	50%
4-6	0	4	0	4	20%
7-9	34	75	35	75	30%
10-12	0	0	0	0	0
13-15	0	0	0	0	0
16-17	0	0	0	0	0
Total	35	80	36	80	100%
T 3.12.4					

FINANCIAL PERFORMANCE 2017/2018: PROPERTY MANAGEMENT				
Details	2016/2017	2017/2018		
	Actual	Original Budget	Actual	Variance to Budget
Total Operating Revenue				
Expenditure				
Employees				
Repairs and Maintenance		783 150	271 676	425 849
Other		4 207 163	21 510 525	4 670 451
Total Expenditure		4 990 313	21 7802 201	5 096 300
Net Operational Expenditure				
T 3.12.5				

CAPITAL EXPENDITURE 2017/2018: SECURITY SERVICES AND PROPERTY MANAGEMENT				
Total All	Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
No Capital projects implemented				
T 3.12.6				

COMMENT ON THE PERFORMANCE OF SECURITY SERVICES AND PROPERTY MANAGEMENT OVERALL:

Security services was able to represent the municipality at the following meetings:

- Ficksburg SAPS Cluster Joints.
- Cross Border Crime Prevention Committee.
- Security Managers Forum.

The purpose of the meetings deals with matters relating to security at large such as crime prevention, stock theft, human trafficking and any form of security threats for the well-being of South Africans in particular of Setsoto residents. Employees at managerial level were vetted by State Security Agency to determine their security competency and new applicants to the municipality are checked by conducting criminal record check on them.

Access control is conducted on daily basis where warm bodies are deployed e.g. Head center, stores and water treatment works. Number of operations where conducted by the division relating to illegal occupation of land and camps of the municipality. Due to financial constrains maintenance of municipal properties was done minutest scale. Largely inspections were conducted on municipal properties

T 3.12.7

Chapter 3

3.13 TRAFFIC MANAGEMENT

INTRODUCTION TO TRAFFIC MANAGEMENT

The objective and function of Public Safety Division is law enforcement in respect of the National Road Traffic Act and Municipal bylaws. Safety of all road users is paramount in the approach to Road Safety and operations. Vehicle fitness is part of the division strategy to combat accidents. The personnel in this Section must ensure that all road users abide by the road traffic management regulations and statutes. The division also ensure that road marking is done and clearing of any impediments to road markings are dealt with.

The Fire Brigade Service main objective is to save lives, protect property, conduct awareness and to provide relief during and or after the incident of fire had occurred. The Disaster Management function is coordinate effective response, recovery, rehabilitation, risk assessment, institutional arrangements and measure of mitigation in relation to Disaster Management incidents. Fire Services is currently utilizing the Traffic Officers, Working on Fire Team and Disaster Coordinator to fight the fire on ad hoc basis. Equipment is obsolete that it does not meet the required standard to fight fire and does not even measure the turnaround time as required.

T 3.13.1

SERVICE STATISTICS: TRAFFIC MANAGEMENT

	Details	2017/2018		2018/2019		2019/2020	2020/2021	2021/2022
		Target	Actuals	Target	Actuals	Target	Target	Target
1	Number of traffic operational plans compiled and approved	1	1	1	1	1	1	1
2	Number of roadblocks conducted	28	45	30	45	30	30	30
3	Percentage on traffic fines issued	100%	100%	100%	100%	100%	100%	100%
4	Percentage on point duty and escorts performed	100%	100%	100%	100%	100%	100%	100%
5	Percentage of Rand Received from Escorts Performed	100%	100%	100%	100%	100%	100%	100%
6	Percentage of Emergencies Incidents Reported and attended to	100%	100%	100%	100%	100%	100%	100%
7	Number of Public Awareness Campaigns on Public Safety Conducted		8	12	16	12	12	12

T 3.13.2

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TRAFFIC MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Ensuring proper control of traffic flow within the municipal area	Number of traffic operational plan compiled and approved	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Ensuring proper control of traffic flow within the municipal area	Number of roadblocks conducted	30	40	30	30	45	30	30	30	Target Extremely Achieved No reasons provided for the variance	Continue monitoring
Ensuring that traffic offences are managed and controlled	Percentage of Traffic fines issued	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Ensuring proper control of traffic flow within the municipal area	Percentage on point duty and escorts performed	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Ensuring that traffic offences are managed and controlled	Percentage of Rand received from escorts performed	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
T 3.13.3											

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EMPLOYEES: TRAFFIC MANAGEMENT 2018/2019					
Job Level	2017/2018	2018/2019			
	No of Employee	No of Posts	No of Employees	Vacancies (Fulltime Equivalents) No	Vacancies (as a % of total posts) %
0-3	1	2	1	1	50%
4-6	4	4	4	0	0%
7-9	10	23	9	14	61%
10-12	0	0	0	0	0%
13-15	0	3	0	3	100%
16-17	10	8	9	0	0%
Total	25	40	23	17	43%
					T 3.13.4

FINANCIAL PERFORMANCE 2018/2019: TRAFFIC MANAGEMENT, DISASTER MANAGEMENT AND FIRE SERVICES				
Details	2017/2018	2018/2019		
	Actual	Original Budget	Actual	Variance to Budget
Total Operating Revenue	- 351 781,00			0
Expenditure				
Employees	5 721 450,00	12 330 208	7 714 648,91	-4 615 559
Repairs and Maintenance	79 288,00	293 000	138 984,95	-154 015
Other	1 072 187,00	266 134	108 728,00	-157 406
Total Expenditure	6 872 925,00	12 889 342	7 962 361,86	-4 926 980
Net Operational Expenditure	6 521 144,00	12 889 342	7 962 361,86	-4 926 980
T 3.13.5				

CAPITAL EXPENDITURE 2018/2019: TRAFFIC MANAGEMENT				
Total All	Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
No Capital project implemented				
T 3.13.6				

COMMENT ON THE PERFORMANCE OF TRAFFIC MANAGEMENT OVERALL

The Division has successfully conducted the risk assessment for the following events:

- Cherry Jazz November 2018, and
- Cherry Festival November 2018
- Soccer game between Bloemfontein Celtics & Matlama from Lesotho
- Extinguish fire with Working on Fire Team
- Impound illegal grazing of Livestock
- Conducted Public Awareness related to Fire incidents, Climate Change and Safety Measures.
- The division participate at both Provincial & District Disaster Management Forum and Cluster Meeting.

It should also be reported that the local magistrate court had challenges of transferring the funds to municipality after offenders paid fines for municipal traffic fines, however the matter is being addressed as an amount of R 110 900 was transferred into municipal account, + - R300 000 is outstanding. In ensuring the proper management of the traffic tickets issued and other service, the municipality should consider acquiring the traffic management system.

The Division has also embarked on operation FIELA2 in partnership with stakeholders like SAPS, SANDF, SARS, Home Affairs and Thabo Mofutsanyana District Municipal Environmental Health Practitioners. That initiative has raised more than R 304 979.49, which was as a result of law enforcement other than traffic fines.

T 3.13.7

Chapter 3

3.14 DISASTER MANAGEMENT AND FIRE SERVICES

INTRODUCTION TO DISASTER MANAGEMENT AND FIRE SERVICES

The Fire Brigade Service main objective is to save lives, protect property, conduct awareness and to provide relief during and or after the incident of fire had occurred. The Disaster Management function is coordinate effective response, recovery, rehabilitation, risk assessment, institutional arrangements and measure of mitigation in relation to Disaster Management incidents. Fire Services is currently utilizing the Traffic Officers, Working on Fire Team and Disaster Coordinator to fight the fire on ad hoc basis. Equipment is obsolete that it does not meet the required standard to fight fire and does not even measure the turnaround time as required

T 3.14.1

SERVICE STATISTICS: DISASTER MANAGEMENT AND FIRE SERVICES								
	Details	2017/2018		2018/2019		2019/2020	2020/2021	2021/2022
		Target	Actuals	Target	Actuals	Target	Target	Target
8	Number of Disaster Management Fora Established	0	0	2	2	2	2	2
9	Number of Risk Assessment Conducted for Events conducted	0	2	3	3	3	3	3
10	Number of Disaster Management Plan reviewed	1	1	1	1	1	1	1
								T 3.14.2

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DISASTER MANAGEMENT AND FIRE SERVICES POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Ensuring that all emergencies are attended to and managed	Percentage of emergencies incidents reported and attended to	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Ensuring that communities are made aware regarding public safety	Number of Public Awareness campaigns on public safety conducted	12	8	12	12	12	12	12	12	Target Met	Continue monitoring
Ensuring compliance with disaster management regulations	Number of Disaster Management Fora established	3	1	3	2	2	2	2	2	Target Met	Continue monitoring
Ensuring that risks are managed and within a tolerable level	Number of risk assessments conducted for events hosted	3	0	3	3	3	3	3	3	Target Met	Continue monitoring
Ensuring compliance with disaster management regulations	Number of Disaster Management Plans reviewed and approved	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Ensuring that risks are managed and within a tolerable level	Number of updates on the risk register	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Ensuring good governance and monitoring compliance	Percentage external and internal audit queries responded to and addressed within timeframe	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
T 3.14.3											

Chapter 3

EMPLOYEES: DISASTER MANAGEMENT AND FIRE SERVICES					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	2	3	2	1	33%
7 - 9	0	0	4	4	0%
10 - 12	0	0	0	0	0%
13 - 15	30	30	0	30	100%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	32	33	6	35	106%
T 3.16.4					

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT AND FIRE SERVICES OVERALL

The Division has successfully conducted the risk assessment for the following events:

- Cherry Jazz November 2018, and
- Cherry Festival November 2018
- Soccer game between Bloemfontein Celtics & Matlama from Lesotho
- Extinguish fire with Working on Fire Team
- Impound illegal grazing of Livestock
- Conducted Public Awareness related to Fire incidents, Climate Change and Safety Measures.
- The division participate at both Provincial & District Disaster Management Forum and Cluster Meeting.

T 3.14.5

COMPONENT F: SPORT AND RECREATION

3.15 SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

Sport, Arts and Culture main objective is to advocate and actively involve communities in Sport and recreation, while promoting healthy and active lifestyle. Sports and Recreation Office work in partnership with local sports councils. Our sports and recreation council oversee encourage for maximum participation of sports in our communities.

T 3.15.1

Chapter 3

SERVICE STATISTICS: SECURITY SERVICES								
	Details	2017/2018		2018/2019		2019/2020	2020/2021	2021/2022
		Target	Actuals	Target	Actuals	Target	Target	Target
1	Number of activities on sports, arts and culture programmes implemented	6	4	6	6	6	6	6
2	Number of sports council meeting facilitated	4	0	4	4	4	4	4
3	Number of Sports and Recreation Council training/ workshop conducted	2	0	2	2	2	2	2
								T 3.15.2

Chapter 3

SPORT AND RECREATION POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Ensuring that all sporting codes are facilitated and encouraged within a municipal level	Number of activities on sports, arts and culture programmes implemented	6	4	6	6	6	6	6	6	Target Met	Continue monitoring
Ensuring that all sporting codes are facilitated and encouraged within a municipal level	Number of sports council meeting facilitated	4	0	4	4	5	4	4	4	Target Well Met No reasons provided for the variance	Continue monitoring
Ensuring that all sporting codes are facilitated and encouraged within a municipal level	Number of Sports and Recreation Council training/ workshop conducted	2	0	2	2	2	2	2	2	Target Met	Continue monitoring
T 3.15.3											

T 3.15.3

Chapter 3

EMPLOYEES: SPORTS AND RECREATION					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	1	1	1	0	0%
7 - 9	1	2	1	1	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	2	4	2	2	50%

T 3.11.4

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

Sports and Recreation Office managed to assist with establishment of Local Sports and Recreation Councils in each town. These sports and council's objective are to be a liaison between the communities and municipality.

Through this partnership, there has been a growth in sports activities amongst local youth where we have seen growth of sports activities in Netball, Volleyball, Basketball and Athletics. These are some of the activities that Setsoto Local Municipality has excelled in during local, district and provincial OR Tambo Games. Two of local athletes (Moemaneng) won gold medals in 100m and 200m during provincial OR Tambo games 2018.

Setsoto Local Municipality again hosted District Volleyball games at Meqheleng Stadium whereby all six (6) municipality were represented at these games. Setsoto Local Municipality in partnership with Department of Sports, Arts, Culture and Recreation also hosted Setsoto Games with objective of fighting crime all units with specific sporting codes were invited to the event.

Sports and Recreation Office hosted to Motlalepula Ntsala Soccer Tournament in partnership Department of Education (Thabo Mofutsanyana District Municipality). The event as was played between local high schools and after knockouts, the finals were played between Tlokola Secondary School (Moemaneng), Clocolan High School (Hlohlolwane), Tutuboloha Intermediate (Matwabeng), Tlotlisong Secondary School (Meqheleng). This year Motlalepula Ntsala Soccer Tournament winners are Tlotlisong Secondary School having beaten Tlokola Secondary School.

Through MIG funding, Setsoto Local Municipality managed to construct Matwabeng Sports Hall to the amount the R 17.1 million and was completed during 2017/2018 financial year. Again, through MIG funding for 2017/2018, Setsoto Local Municipality will be refurbishing Moemaneng Stadium to the amount of R 11.5 Million and the construction will be furnished during 2019/2020.

T 3.15.5

Chapter 3

COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.16 OFFICE OF THE SPEAKER

INTRODUCTION TO OFFICE OF THE SPEAKER

No introduction provided

T 3.16.1

SERVICE STATISTICS FOR THE SPEAKER

No information provided.

T 3.16.2

Chapter 3

OFFICE OF THE SPEAKER POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Putting people first	Number Visit of farms by the Speaker.	4	2	4	4	0	4	4	4	Target Not Met Non availability of the Speaker	Speaker to ensure that visits to the farms are undertaken in order to involve communities in municipal issues
Putting people first	Number of imbizos by the Speaker	0	0	0	4	0	4	4	4	Target Not Met No reasons provided for the variance	Speaker to ensure that visits to the farms are undertaken in order to involve communities in municipal issues
Putting people first	Number of operational plans developed.	17	0	17	17	0	17	17	17	Target Not Met There ward councillors were trained to be able to develop their ward operational plans	Ward Committees to be trained on how to develop operational plans for their proper functioning
Putting people first	Number of ward committee trainings	4	2	4	4	4	4	4	4	Target Met	Continue monitoring
Putting people first	Number of stakeholder for a held	0	0	0	4	0	4	4	4	Target Not Met Non availability of the Speaker	Speaker to ensure that visits to the farms are undertaken in order to involve communities in municipal issues

Chapter 3

OFFICE OF THE SPEAKER POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Putting people first	Number of reports of the Speaker to council meetings	4	4	4	4	0	4	4	4	Target Not Met The Speaker must have both ward councillors and ward committees reports to consolidate for council meetings but due to those challenges we could not report to council meetings	Speaker to submit reports to council on quarterly basis in order to adhere to legislation
Putting people first	Number of Ward Committee reports to council meetings	4	4	4	4	0	4	4	4	Target Not Met The office is struggling to get reports from all ward committees and the office have organized the workshop for ward committees as part of intervention	Speaker to submit Ward Committee Reports to council on a quarterly basis in order to adhere to legislative requirement
T 3.16.3											

Chapter 3

3.17 RISK MANAGEMENT SECTION

INTRODUCTION TO RISK MANAGEMENT SECTION

The adoption of the Municipal Finance Management Act of 2003 and the Treasury Regulations issued in terms of the Act infused the public service with a Municipality culture, which must add to its emphasis on external sanctions and include stronger internal controls with anticipatory management systems to assess the abuse of power, which is the central principle of risk management. Therefore, risk management is central to managing the Municipality as a whole, and why risk management is integral to planning, organising, directing and coordinating systems aimed at achieving Municipality's goals and objective

T 3.17.1

SERVICE STATISTICS: RISK MANAGEMENT								
	Details	2016/2017		2017/2018		2018/2019	2019/2020	2020/2021
		Target	Actuals	Target	Actuals	Target	Target	Target
1	Installation of Barnowl	1	1	0	0	0	0	0
2	Conducted Trainings	2	2	2	2	2	2	2
3	Risk Assessments	2	2	1	1	1	1	1
4	Number of reports t the Risk Management Committee	4	4	4	2	4	4	4
5	Number of assessment reports	1	1	1	1	1	1	1
6	Number of Risk Management Documents approved	5	5	5	0	5	5	5
								T 3.17.2

Chapter 3

RISK MANAGEMENT SECTION POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
To identify risks, manage them to be within tolerable level and to provide reasonable assurance	Number of Risk Management Committee meetings held	4	4	4	4	0	4	4	4	Target Not Met No reasons provided for the variance	The vacancy of the Chief Risk Officer to be filled so that the Division can function to the best of its ability
To identify risks, manage them to be within tolerable level and to provide reasonable assurance	Number of Risk Management Committee Reports submitted	4	4	4	4	0	4	4	4	Target Not Met No reasons provided for the variance	The vacancy of the Chief Risk Officer to be filled so that the Division can function to the best of its ability
To identify risks, manage them to be within tolerable level and to provide reasonable assurance	Number of awareness campaigns on fraud prevention	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
To identify risks, manage them to be within tolerable level and to provide reasonable assurance	Number of workshops held to facilitate the execution of Enterprise Risk Management process	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
T 3.17.3											

Chapter 3

EMPLOYEES 2017/2018: RISK MANAGEMENT					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	33,33
4 - 6	1	1	1	0	0%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%
Total	2	3			33.33
T 3.17.4					

FINANCIAL PERFORMANCE 2017/ 2018: RISK MANAGEMENT					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:	0	0	0	0	0%
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%
T 3.17.5					

CAPITAL PROJECTS 2017/2018: RISK MANAGEMENT					
R' 000					
Capital Projects	Year 2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No capital projects were implemented in the year under review.					
T 3.17.6					

COMMENT ON THE PERFORMANCE OF THE RISK MANAGEMENT SECTION

The Risk Management Division consists of dedicated and skilled personnel. However, the division has not performed to its optimal level as opposed to previous years based on the vacancy of the Chief Risk Officer.

T 3.17.7

Chapter 3

3.18 INTERNAL AUDIT UNIT

INTRODUCTION TO INTERNAL AUDIT UNIT

Internal Audit (IA) Unit was established in 2001 to conform to section 165(1) of Municipal Finance Management Act no. 56 of 2003 which states: "Each municipality and each municipal entity must have an internal audit unit..." Furthermore, section 62 (1) (c) (ii), states that "the Accounting Officer of the municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of internal audit operating in accordance with any prescribed norms and standards".

The IAU has been in operation for more than 18 years (2001- 2019) and it is currently operating with six personnel and their professional developments are been taken care off through the years. The IA unit had been instrumental in assisting the municipality's management to achieve their desired goals. The IAU is conducting its activities in terms of the International Standards for the Professional Practice of Internal Auditing (ISPPIA), which make emphasis on the internal audit activity to evaluate and contribute to the improvement of risk management, control, and governance processes using a systematic and disciplined approach.

The vision of internal audit is to be a professional function staffed by well-trained qualified staff, using leading edge methodologies and tools to provide value-adding services to Setsoto Local Municipality.

The mission is to deliver optimal service to our auditable entities including management and to provide objective feedback on the quality of organisational controls and performance.

Furthermore, Internal Audit Unit is an independent, objective assurance and consulting function established to examine and evaluate activities, and to assist the Audit and Performance Audit Committee, the Council and Management in the effective discharge of their responsibilities.

The IAU undergone the external quality assurance in September 2018 which was conducted by one of the big five audit firm and the scope of work was to assess the Internal Audit Unit on conforming with Attribute and Performance standards and result of that assessment reveal that the Internal Audit Unit partially conform to standards 1200,1300, 2000, 2300 and 2400 of the ISPPIA.

T 3.18.1

Internal Audit Unit					
	Details	2017/2018	2018/2019		2019/2020
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of reviewed and approved Audit and Performance Audit Charter, Internal Audit Charter	2	2	2	2
2	Number of Internal Audit Strategic Plans approved	1	1	1	1
3	Number of Coverage Plan approved	1	1	1	1
4	Number of Internal Audit Procedural Manual reviewed and approved	1	1	1	1
					T 3.18.2

Chapter 3

INTERNAL AUDIT UNIT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Good Governance and legislative compliance	Number of the reviewed and approved Internal Audit Unit Charter	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of the reviewed and approved Audit and Performance Audit Committee Charter	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of approved Internal Audit Strategic Plan	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of approved Coverage Plan	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of covering letters on quarterly plans drafted	21	21	21	21	39	21	21	21	Target Extremely Met The plan aligns to cater for follows up on internal and external findings	Continue monitoring
Good Governance and legislative compliance	Number of progress report in implementation of Coverage Plan	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance and legislative compliance	Percentage on ad hoc audit conducted	100%	100%	100%	100%	60%	100%	100%	100%	Target Not Met Priory was given to matters that related to AFS and AR.	The target not achieved will be done on the financial year 2019/2020
Good Governance and legislative compliance	Number of Internal Audit Procedural Manual reviewed and approved	1	1	1	1	1	1	1	1	Target Met	Continue monitoring

Chapter 3

INTERNAL AUDIT UNIT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Good Governance and legislative compliance	Number of Procurement Plan developed	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
	Percentage of Attendance Registers; Leave and Overtime processed	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of reviewed Quality Assurance and Improvement Programme	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of quarterly audit reports compiled and submitted	31	31	31	31	35	31	31	31	Target Well Met Implementation of the coverage plan include follow up on internal and external audit findings	Continue monitoring
Good Governance and legislative compliance	Number of follow-up audit reports	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of internal assessment reports	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of Quality Assurance Reports compiled and submitted to Audit and Performance Audit Committee.	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of quality assurance reports submitted on action plan.	2	2	2	2	2	2	2	2	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of quality assurance reports compiled and submitted to Council.	4	4	4	4	5	4	4	4	Target Well Met	Continue monitoring

Chapter 3

INTERNAL AUDIT UNIT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Good Governance and legislative compliance	Number of resolution registers compiled and submitted to Audit and Performance Audit Committee.	4	4	4	4	5	4	4	4	Target Well Met There was a special APAC meeting	Continue monitoring
Good Governance and legislative compliance	Number of reports submitted to council	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of audit steering meetings coordinated	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of registers updated	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance and legislative compliance	Number of Internal Audit Findings Control Registers compiled	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
T 3.18.3											

Chapter 3

EMPLOYEES: INTERNAL AUDIT UNIT					
Job Level	2017/2018	2018/2019			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
0 - 3	4	4	4	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	6	1	5	83%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	5	10	5	5	50%
					T 3.18.4

FINANCIAL PERFORMANCE 2018/2019: INTERNAL AUDIT UNIT					
					R'000
Details	2017/2018	Year 2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure					
Employees	3 370	5 107	3 862	2 582	-98%
Other employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	595	395	300	486	19%
Total Operational Expenditure	3 965	5 502	4 162	3 067	-79%
Net Operational Expenditure	3 965	5 502	4 162	3 067	-79%
					T 3.18.5

CAPITAL EXPENDITURE 2018/2019: INTERNAL AUDIT UNIT					
					R' 000
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No capital project undertaken during the year under review.					
					T 3.18.6

COMMENT ON THE PERFORMANCE OF THE OFFICE OF THE INTERNAL AUDIT UNIT

The Internal Audit Activities were implemented as per approved SDBIP and the approval was obtained from the Audit and Performance Audit on the areas that the unit did not audit all audit universe that were planned.

T 3.18.7

Chapter 3

3.21 BUDGET AND FINANCIAL REPORTING

INTRODUCTION TO BUDGET AND FINANCIAL REPORTING

- Provide budget support to the municipality
- Provide reporting support to the municipality and its steering committees
- Advising the accounting officer and chief financial officer on financial related matters

In this report, a financial snapshot was conducted to assess the financial performance for the financial year 2018/2019. The actual organisational performance will be measured within the service delivery and budget implementation plan for the reporting period, where performance is to be examined against predetermined and defined key performance areas.

T 3.18.1

Service Statistics for Budget and Reporting			
Details	2016/2017	2017/2018	2018/2019
Number of mSCOA compliant draft budget submitted	1	1	1
Number of mSCOA compliant final budget submitted	1	1	1
Number of mSCOA compliant adjustment budget submitted	1	1	1
Percentage reporting in relation to spending within the approved budget	100%	100%	100%
Number of section 71 reports submitted	12	12	12
Number of the Mid-year and Performance Assessment report submitted	1	1	1
Number of sections 52 (d) submitted	4	12	12
Number of GRAP compliant Annual Financial Statements compiled and submitted	1	1	1
Number of Budget related policies reviewed and approved	3	1	1
Percentage of outstanding service debt's ratio	122%	342%	100%
Percentage debt coverage ratio	302%	254%	
Percentage of audit opinion received on clean audit	100%	100%	95%
Percentage risk reduction	100%	100%	100%
Percentage responded to audit queries and addressed within timeframe	25%	100%	100%

T 3.18.2

Chapter 3

BUDGET AND FINANCIAL REPORTING POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Financial viability and management	Percentage of legislative compliance	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Financial viability and management	Number of mSCOA compliant draft budget submitted	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Financial viability and management	Number of mSCOA compliant final budget submitted	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Financial viability and management	Number of mSCOA compliant adjustment budget submitted	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Financial viability and management	Percentage reporting in relation to spending within the approved budget	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Financial viability and management	Number of section 71 reports submitted	12	12	12	12	12	12	12	12	Target Met	Continue monitoring
Financial viability and management	Number of Mid-year Budget and Performance Assessment reports submitted	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Financial viability and management	Number of section 52 (d) submitted	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Financial viability and management	Number of GRAP compliant Annual Financial Statements compiled and submitted	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Financial viability and management	Number of Budget related policies reviewed and approved	3	3	3	3	3	3	3	3	Target Met	Continue monitoring
Financial viability and management	Percentage debt coverage ratio	80%	80%	80%	80%	80%	80%	80%	80%	Target Met	Continue monitoring
Financial viability and management	Percentage outstanding service debtors’ ratio	103%	103%	103%	103%	103%	103%	103%	103%	Target Met	Continue monitoring

Chapter 3

BUDGET AND FINANCIAL REPORTING POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Financial viability and management	Percentage cost coverage ratio	1%	1%	1%	1%	1%	1%	1%	1%	Target Met	Continue monitoring
Financial viability and management	Percentage of audit opinion received on clean audit	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
T 3.18.3											

Chapter 3

EMPLOYEES: BUDGET AND FINANCIAL REPORTING DIVISION: 2018/2019					
Job Level	2017/2018	2018/2019			
	Employee No.	Post No	Employee No	Vacancies (Fulltime Equivalents) No	Vacancies (as a % of total posts) %
0-3	2	3	2	1	33%
4-6	3	4	3	1	25%
7-9	0	3	0	3	100%
10-12	0	0	0	0	0%
13-15	0	0	0	0	0%
16-17	0	0	0	0	0%
Total	5	10	5	5	50%
					T 3.18.4

FINANCIAL PERFORMANCE 2018/2019: BUDGET AND REPORTING SERVICES				
Details	2017/2018	2018/2019		
	Actual	Original Budget	Actual	Variance to Budget
Total Operating Revenue	2 172	2 314	3 365	31%
Expenditure				
Employees	1 809	2 209	1 881	-17%
Repairs and Maintenance	0	0	0	0%
Other	221	616	383	-61%
Total Expenditure	2 030	2 825	2 264	-25%
Net Operational Expenditure	(142)	512	(1 101)	146%
				T 3.18.5

CAPITAL EXPENDITURE 2018/2019				
Total All	Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
No capital projects were planned for the year under review.				
				T 3.18.6

COMMENT ON THE PERFORMANCE OF BUDGET AND FINANCIAL REPORTING OVERALL

The division has achieved most of its targets as planned, therefore no are material variances.

T 3.18.7

Chapter 3

3.19 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The management and effective utilisation of property, plant and equipment is the prime mechanism by which a municipality can fulfil its constitutional mandates of delivery of sustainable services, social and economic development, promoting safe and healthy environments and providing the basic needs to the community.

T 3.19.1

Service Statistics for Assets Management			
Details	2016/2017	2017/2018	2018/2019
Addressing issues raised on internal control by internal or external Auditors	100%	100%	100%
GRAP Compliant Asset Registers	95%	95%	100%
Number of assets related policies reviewed and adopted	2	3	3
Update fixed asset register monthly	12	12	12
Conduct physical assets verification on the quarterly basis	4	4	4
Perform reconciliation between fixed assets and General Ledger	12	12	12
Compile assets maintenance report on quarterly basis	4	4	4
Mitigate identified assets risks	4	4	4
T 3.19.2			

Chapter 3

ASSET MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Ensure that the asset register is compliant in all aspect	Percentage of Compliant Asset Registers as per GRAP requirement	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Ensure that the asset register is compliant in all aspect	Number of updates completed on the asset register	12	12	12	12	12	12	12	12	Target Met	Continue monitoring
Ensure that the asset register is compliant in all aspect	Number of verifications conducted on the asset register	4	1	4	4	4	4	4	4	Target Met	Continue monitoring
Ensure that the asset register is compliant in all aspect	Number of reconciliations completed between the fixed asset register and the general ledger	12	12	12	12	12	12	12	12	Target Met	Continue monitoring
Good governance and monitoring of compliance	Percentage of audit external and internal audit queries responded to and addressed	100%	90%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Adherence to legislative requirement	Number of asset management policy reviewed and approved	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Adherence to legislative requirement	Number of the policy review	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good governance and administration	Number of reports submitted to Finance Committee	12	12	12	12	12	12	12	12	Target Met	Continue monitoring
T 3.19.3											

Chapter 3

EMPLOYEES: ASSET MANAGEMENT					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	1	1	50%
4 - 6	1	1	1	0	0%
7 - 9	2	7	3	4	57%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	5	10	4	5	
					T 3.19.4

FINANCIAL PERFORMANCE 2018/2019: ASSET MANAGEMENT					
R'000					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0				0%
Expenditure					
Employees	1 788	2 345	1 786	1 509 810	-55%
Repairs and Maintenance	0	-	-	-	-95%
Other	222	142	195	104	-46%
Total Operational Expenditure	2 010	2 488	1 981	1 613	-13%
Net Operational Expenditure	2 010	2 488	1 981	1 613 47	-13%
					T 3.19.5

Capital Expenditure 2018/2019: Asset Management					
R' 000					
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No Capital projects were planned for the year under review					
					T 3.19.6

COMMENT ON THE PERFORMANCE OF BUDGET AND FINANCIAL REPORTING OVERALL

The division did not perform to its optimal level as opposed to previous years due to the resignation of the manager and thus the division was under pressure. There is also a shortage of staff in the units, Clocolan and Senekal units are without staff. The financial system has also caused lot of delays in the processing of the asset transaction since the conversion from 6.1 to 6.2 only materialized in April 2019.

Although the conversion was successful, the asset register from the system had some issues that the system is failing to fix, most of the locations are either blank or some of the columns are vice versa. The overall performance of our assets is bad in meeting the demand for the community services and required service level, since most of our infrastructure assets are being vandalised on a continuous basis and due to financial constraints that the municipality is facing the assets are being poorly maintained.

T 3.19.7

Chapter 3

3.20 SUPPLY CHAIN MANAGEMENT

INTRODUCTION TO SUPPLY CHAIN MANAGEMENT

The Supply Chain Management function exists to facilitate the needs of the municipality through the MFMA and associated legislations. The activity starts off annually with a procurement plan through the different procurements requirements and with that the achievement of wider departmental and institutional goals tied to different performance and SDBIPS. The function is mainly a supporting function.

T 3.20.1

Supply Chain Management Service Data					
	Details	2016/2017	2017/2018		2018/2019
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of updated contract register placed on the municipal website	4	4	4	4
2	Number of monthly update on progress on implementation of Audit Action Plan 2016/2017	4	4	4	4
3	Percentage internal and external audit queries responded to and addressed	100%	100%	100%	100%
4	Number of updates on risk register	4	4	4	4
5	Number of workshops held with internal and external stakeholders on Supply Chain management Policy and process	9	9	4	9
6	Number of store rectification plans approved	0	1	0	1
7	Number of stock takes conducted	4	4	4	4
8	Number of quarterly reports on the implementation of Supply Chain management to the Executive mayor and Finance Committee	4	4	4	4
9	Percentage bids administered	100%	100%	100%	100%
10	Number of credible supplier database	1	1	1	1
11	Percentage of assessed vendor performance with project managers	100%	100%	100%	100%
12	Number of quarterly updates on credible supplier database	4	4	4	4
					T 3.20.2

Chapter 3

SUPPLY CHAIN MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Planning Statement	Key Performance Indicator										
Adherence to legislative requirement	Percentage of reviewed SCM policy submitted for approval	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Adherence to legislative requirement	Number of stock takes conducted	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Adherence to legislative requirement	Percentage of monthly update of progress on audit action plan	100%	90%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Adherence to legislative requirement	Percentage of queries cleared within time frames	100%	100%	100%	95%	95%	95%	95%	95%	Target Met	Continue monitoring
Adherence to legislative requirement	Number of workshops with departments on SCM Challenges	5	5	5	5	1	5	5	5	Target Not Met Matters with department are dealt with as they occur	Ensure that workshops are held in order to inform employees about SCM in order to avoid deviations from required processes
Adherence to legislative requirement	Number of quarterly updates of supplier database	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Adherence to legislative requirement	Percentage of BSC meetings held	100%	90%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Adherence to legislative requirement	Percentage of BEC meetings held	100%	90%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Adherence to legislative requirement	Percentage of BAC meetings held	100%	90%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Adherence to legislative requirement	Number of supply chain management deviation reports submitted	12	12	12	12	12	12	12	12	Target Met	Continue monitoring

Chapter 3

SUPPLY CHAIN MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Adherence to legislative requirement	Number of quarterly reports on contract management submitted	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Adherence to legislative requirement	Number of reports on the preparation and monitoring of the procurement plan	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Adherence to legislative requirement	Number of quarterly updates of risk registers against progress of risk actions	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
T 3.20.3											

Chapter 3

EMPLOYEES: SUPPLY CHAIN MANAGEMENT: 2017/2018					
Job Level	2016/2017	2017/2018			
	Employee No.	Post No	Employee No	Vacancies (Fulltime Equivalents) No	Vacancies (as a % of total posts) %
0-3	1	3	1	2	66
4-6	2	4	3	1	25
7-9	5	12	4	8	66
10-12	0	0	0	0	0
13-15	0	2	0	2	100
16-17	0	0	0	0	0
Total	8	21	8	13	61
T 3.20.4					

FINANCIAL PERFORMANCE 2017/2018: SUPPLY CHAIN MANAGEMENT				
Details	2016/2017	2017/2018		
	Actual	Original Budget	Actual	Variance to Budget
Total Operating Revenue				
Expenditure				
Employees	1 966 699	2 0832 048	2 138 026.13	694 021.87
Repairs and Maintenance	0	0	0	0
Other	148 785	744 756	95 051.41	649 704.59
Total Expenditure	2 115 484	3 576 756	2 233 077.54	1 343 726.46
Net Operational Expenditure	(1 583 621)	(3 378 651)	(2 115 484)	
T 3.20.5				

CAPITAL EXPENDITURE 2018/2019: SUPPLY CHAIN MANAGEMENT				
Total All	Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
No capital project implemented for the year under review.				
T 3.20.6				

COMMENT ON THE PERFORMANCE OF RISK MANAGEMENT SERVICES OVERALL

The overall performance is satisfactory. Emphasis would however be placed on improving the controls around inventory to reduce the opportunity for theft or possible loss, the faster turnaround of the SCM processes regarding competitive bidding to the point of appointment. Continued effort to educate bidders & potential to assist in the swifter turnaround time must be considered. The signing of invoices to the service quality is still relied on in terms of performance measurement.

T 3.20.7

Chapter 3

3.21 EXPENDITURE MANAGEMENT

INTRODUCTION TO EXPENDITURE MANAGEMENT

In terms of the MFMA, sec 65 (c) the municipality must maintain a system of internal control in respect of creditors and payments to ensure that management and other personnel provide reasonable assurance regarding the achievement of objectives in economy, efficiency and effectiveness of operations and compliance with applicable laws, policies and regulations to accomplish a clean audit report.

Expenditure Management is an ongoing function with the aim of improving creditor's efficiency by ensuring all creditors are paid within 30 days. More than 64% of all invoices are paid within 30 days with only invoices that are in dispute being paid later. Currently the Setsoto Local Municipality do experience a negative cash flow challenge that do have a direct impact on our payment rate in respect of creditors to be paid within 30 days. The municipality embarked on a revenue enhancement strategy to improve our cash flow challenge.

T 3.21.1

Service Statistics: Expenditure			
Details	2018/2019	2019/2020	2020/2021
Number of reports on the actual amount of cash on hand in terms of the Cash Flow forecast	12	12	12
Percentage of creditors paid within 30 days	64%	65%	60%
Percentage of reconciled creditors	85%	90%	85%
Number of insurance claims generated	12	12	12
Number of section 32 report submitted	12	12	12
Percentage municipal expenditure on awarded tenders against the annual budget	6%	6%	6%
Percentage expenditure of the annual MIG allocated year to date	100%	100%	100%
Percentage municipalities operating budget spent on free basic services to indigent households	1%	1%	1%
Percentage spending on approved budget	15%	15%	15%

T 3.21.2

Chapter 3

EXPENDITURE MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Financial viability and management	Number of reports on the actual amount of cash on hand in terms of cash flow forecast	12	12	12	12	3	3	3	3	Target Met	Continue monitoring
Financial viability and management	Percentage of creditors paid within 30 days	65%	65%	65%	60%	64%	60%	60%	60%	Target Almost Met No reasons provided for the variance	Increase collection levels to ensure that there is enough funds to pay creditors within thirty days
Financial viability and management	Percentage of reconciled creditors	90%	90%	90%	85%	85%	85%	85%	85%	Target Met	Continue monitoring
Financial viability and management	Number of Insurance claims reports generated	12	12	12	12	12	12	12	12	Target Met	Continue monitoring
Financial viability and management	Number of section 32 report submitted	12	12	12	12	12	12	12	12	Target Met	
Financial viability and management	Percentage municipal expenditure on awarded tenders against the annual budget	100%	100%	100%	100%	25%	100%	100%	100%	Target Not Met No reasons provided for the variance	To ensure that there is enough funds available to ensure that budgeted expenditure is realised
Financial viability and management	Percentage expenditure of the annual MIG allocated year to date	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring

Chapter 3

EXPENDITURE MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Financial viability and management	Percentage municipality’s operating budget spent on free basic services to indigent households	100%	100%	100%	100%	3.96%	100%	100%	100%	Target Not Met No reasons provided for the variance	To ensure that indigent registration is encourage so that the target of indigent consumers is achieved
Financial viability and management	Percentage spending on approved budget	100%	100%	100%	100%	61%	100%	100%	100%	Target Not Met No reasons provided for the variance	To increase revenue collection rate to ensure that budgeted expenditure is realised
T 3.21.3											

Chapter 3

Employees: Expenditure Management Service					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	2	4	2	2	50%
7 - 9	3	7	3	4	58%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
					T 3.21.4

Financial Performance 2018/2019: Expenditure Management					
					R'000
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure					
Employees	3 169	3 564	3 564	3 471	-3%
Repairs and Maintenance	-	-	-	-	0%
Other	4 358	4 759	7 873	9 916	52%
Total Operational Expenditure	7 527	8 323	11 437	13 387	38%
Net Operational Expenditure	7 527	8 323	11 437	13 387	38%
					T 3.21.5

Capital Expenditure 2018/2019: Expenditure Management					
					R' 000
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No projects we implemented in the year under review					
					T 3.21.6

COMMENT ON THE PERFORMANCE OF EXPENDITURE MANAGEMENT OVERALL

The negative cash flow resulted that the Municipality were not able to pay all suppliers within 30 days as required by Municipal Finance Management Act, 56 of 2003, section 65 (e) but only 64% was paid within 30 days. Challenges are experienced to obtain statements from Small Micro Medium Enterprises as they do not have a proper financial software system and the reluctance of other suppliers to submit statements.

The recording of Irregular, Fruitless and Wasteful Expenditure is being done monthly and submit to Municipal Public Accounts Committee via Council for investigation in terms of Municipal Finance Management Act, 56 of 2003, section 32. Insurance claims when submitted to the Expenditure Division are also reported to the Municipality broker to prevent losses. The Capital projects were also spent 100% as required.

T 3.21.7

Chapter 3

3.22 REVENUE MANAGEMENT

INTRODUCTION TO REVENUE MANAGEMENT

The Revenue Division is linked to the IDP Objective through the Key Performance Area of Financial Viability and Management. The Division is responsible to provide an effective and efficient Revenue Management and comprises of three sections in line with the key focus areas, namely Billing Services, Credit Control & Indigent Management and Counter Services that comprises of Cashiers and Customer Care. This report reflects the performance of the Division for the year 2018/2019.

3.22.1

Revenue Management Service Data					
	Details	2017/2018	2018/2019		2019/2020
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Percentage payment rate	63%	55%	65%	75%
2	Number of monthly billing conducted	12	12	12	12
3	Number of Indigents registered	6391	7000	5311	7000
4	Percentage of queries resolved	100%	68%	74%	75%
5	Percentage of daily cash banked	100%	100%	100%	100%
6	Percentage implementation of valuation roll	100%	100%	100%	100%
7	Number revenue policies reviewed	5	5	5	5
T 3.22.2					

Debt Recovery								
R' 000								
Details of the types of account raised and recovered	2016/2017		2017/18			2018/19		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Actual for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	62 939	142	5 326	64 483	81	62 335	72 202	116
Electricity - B&C	66 252	75	68 486	62 831	89	78 715	71 999	91
Water - B&C	52 210	82	50 803	55 950	27	61 672	58 113	94
Sanitation	25 368	119	23 372	28 403	32	33 856	32 670	96
Refuse	33 894	121	36 364	36 345	24	40 116	40 141	100
Other	0	0	0	0	0	0	0	0%
T 3.22.3								

CONCERNING T 3.22.3

The collection rate on the billed amounts for electricity is the highest at 89%. Electricity is supplied in the municipal licensed area of Ficksburg, Senekal, Clocolan and Marquard. The former townships fall within the license area of ESKOM. The second highest collection is on rates. Collection on water, refuse and sanitation is extremely low and a contributing factor might be the historic non-payment of accounts in the former townships

3.22.3.1

Chapter 3

REVENUE MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)	(ii)										
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Financial viability and management	Percentage payment rate on monthly billing	80%	63%	80%	55%	65%	75%	75%	80%	Target Extremely Met	Relaunch of Operation Patala Concessions for businesses and farms for limited period Action against state employees with Setsoto accounts Visits to section 21 schools Restriction of electricity on pre-paid for non-payment of other services Robust Debt collection and litigation on all accounts handed over
Financial viability and management	Number of monthly billing conducted	12	12	12	12	12	12	12	12	Target Met	Continue monitoring
Financial viability and management	Number of Indigent registered households	7 000	6,833	7 000	7 000	5 311	7 000	7 000	8 000	Target Almost Met No reasons for the variance provided	Quarterly review of progress and interaction with ward councillors.
Financial viability and management	Percentage queries resolved within 3 days	75%	60%	75%	70%	74%	75%	75%	75%	Target Almost Met No reasons for the variance provided	Ensure that all queries reported are responded to within the required timeframe
Financial viability and management	Percentage of daily cash banked	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring

Chapter 3

REVENUE MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Planning Statement	Key Performance Indicator										
Financial viability and management	Percentage Implementation of valuation roll	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Financial viability and management	Number of Revenue Related policies reviewed	5	5	5	5	5	5	5	5	Target Met	Continue monitoring
3.22.3											

Chapter 3

EMPLOYEES: ASSET MANAGEMENT					
Job Level	2011/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	0	1	0	1	100%
7 - 9	3	7	3	4	57%
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	4	10	5	5	52%
T 3.22.4					

FINANCIAL PERFORMANCE 2018/2019: ASSETS MANAGEMENT					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure					
Employees	1 441	1 883	1 876	1 788	-5%
Repairs and Maintenance	1	10	10	0	-95%
Other	414	409	406	222	-46%
Total Operational Expenditure	1 856	2 302	2 292	2 010	-13%
Net Operational Expenditure	1 856	2 302	2 292	2 010	-13%
T 3.22.5					

CAPITAL EXPENDITURE 2018/2019: ASSETS MANAGEMENT					
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No projects were implemented in the year under review					
T 3.22.6					

COMMENT ON THE PERFORMANCE OF REVENUE MANAGEMENT OVERALL:

Monthly billing was concluded 12 times within the 2018/2019 financial year. The overall average collection rate was 65% which is an improvement of 2% from the previous financial year 2017/2018. The payment rate is still not at the level that was anticipated. The payment rate is calculated on amounts billed and collected on the billed amounts.

The set target for Indigent registration was not reached, even though the target was not reflective of the unemployment figures and poverty levels of the population this municipality. The low registration figures of Indigents resulted in consumers forfeiting subsidy and a possible inflation of the outstanding debtors.

Chapter 3

With the installation of the prepaid meters in Ficksburg, Senekal, Clocolan and Marquard electricity is purchased in advance and have a positive effect on daily cash flow.

Despite a vacancy rate of 43% the overall performance of the Revenue Division was satisfactory. Positions still need to be filled of employees that resigned or passed away as these real vacancies have a serious impact on the workload of the remaining employees. Critical positions should be filled as a matter of urgency. With the implementation of the pre-paid meters in Ficksburg, Senekal, Clocolan and Marquard the workload has increased as meters need to be closed and final reading captured by hand. In Ficksburg the one position of Debtor Clerk had not been filled.

The Debtor Clerk in Senekal has been suspended for 22 month and all debtor related queries, corrections, finalization of meters for pre-paid installation is referred to Ficksburg.

Without regular monthly billing and collection of outstanding debt the municipality would not have been able to meet its commitments, which includes payment of salaries and other operational expenses.

The implementation of pre-paid meters ensures that all sites that were transferred to pre-paid pay upfront for electricity. The impact of this will be apparent in the 2019/2020 financial year as the bulk of the prepaid meters have been installed. It will not reflect as part of the collection rate, but the electricity sales will show an increase.

Debt collection will be made a priority in the 2019/2020 financial year to enhance cash flow and thus increasing the spending capacity on the core function – Service Delivery. A Service Provider to handle the litigation part of Debt Collection was appointed in the 2016/2017 financial year and will proceed with litigation where debt collection processes were not successful. The first summonses were issued in the 2018/2019 financial year.

T 3.22.7

3.23 HUMAN RESOURCE MANAGEMENT

INTRODUCTION TO HUMAN RESOURCE MANAGEMENT SERVICES

During the financial 2018/2019 this division was responsible for the overall management of human resources administration, recruitment and placement and employee wellness and occupational health.

T 3.23.1

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SERVICE DATA FOR HUMAN RESOURCES MANAGEMENT					
	Details	2017/2018	2018/2019		2019/2020
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Percentage of co-ordinated positions filled	100%	100%	100%	100%
2	Percentage of the effectiveness on the administration of Human Resources Management	100%	100%	100%	100%
3	Percentage of employee benefits administered	100%	100%	100%	100%
4	Percentage towards awareness made on Health and Safety at the workplace	100%	100%	100%	100%
5	Percentage towards the effectiveness of impact on wellness programmes conducted	100%	100%	100%	100%
6	Percentage of fulltime appointed s56 managers	100%	100%	100%	100%
7	Number of days taken by the municipality to make appointments	60	60	631	60
					T 3.23.2

Chapter 3

Human Resources Management Policy Objectives taken from Integrated Development Plan											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Ensuring the proper and transparent co-ordination of recruitment processes	Percentage of coordinated positions filled	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Managing the municipal workforce and ensuring the achievements of the employment equity targets	Percentage of the effectiveness on the administration of Human Resources Management targets	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Ensuring that the employee benefits are administered properly and effectively	Percentage of employee benefits administered	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Promoting awareness regarding Health and Safety within the working environment	Percentage towards awareness made on Health and Safety at the workplace	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Promoting awareness regarding Health and Safety within the working environment	Percentage towards the effectiveness of impact on wellness programmes conducted	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring

Chapter 3

Human Resources Management Policy Objectives taken from Integrated Development Plan											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Ensuring the proper and transparent co-ordination of recruitment processes	percentage of fulltime appointed s56 managers	100%	100%	100%	100%	40%	100%	100%	100%	Target Not Met No reasons provided for the variance	It is in the plan of this division that standing vacancies for the positions of section 56 managers be filled. A plan was drafted with dates to ensure that the appointments are finalized.
Building capable local government institutions	Number of days taken by the municipality to make an appointment	60	536	60	60	631	60	60	60	Target Not Met No reasons provided for the variance	It is in the plan of this division that standing vacancies should be filled within a period of sixty days.
T 3.23.3											

Chapter 3

EMPLOYEES: HUMAN RESOURCES MANAGEMENT					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	2	1	33%
4 - 6	2	4	2	1	25%
7 - 9	3	10	3	7	70%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	8	17	7	9	53%
T 3.23.4					

FINANCIAL PERFORMANCE 2018/2019: HUMAN RESOURCES MANAGEMENT					
R'000					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure					
Employees	0	5 138	5 620	5 409	5%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	5 138	5 620	5 409	5%
Net Operational Expenditure	0	5 138	5 620	5 409	5%
T 3.23.5					

CAPITAL EXPENDITURE 2018/2019: HUMAN RESOURCES MANAGEMENT					
R' 000					
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No capital projects implemented for the year under review					
T 3.23.6					

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE MANAGEMENT SERVICES OVERALL:

Despite the municipality's financial muscle challenges, the division managed to meet most of its targets. The only targets that could not be met are the appointment of senior managers within the required timeframe and the appointments of all other categories of employment within the period of sixty days.

T 3.23.7

Chapter 3

3.24 HUMAN RESOURCE DEVELOPMENT

INTRODUCTION TO HUMAN RESOURCE DEVELOPMENT

The Human Resources Development Division derives its mandate from the IDP (Organizational Development). Three top services that are rendered by the Human Resources Development Division are:

- To provide training for Skills Development
- Employment Equity
- To maintain discipline and sound Labour Relations

T 3.24.1

Human Resource Development Service Data					
	Details	2017/2018	2018/2019		2019/2020
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Percentage of Municipality's budget actually spent on implementing its workplace skills plan	85%	85%	64%	85%
2	Number of WSP Implementation Plans compiled	1	1	1	1
3	Number of the Skills Audit Programmes conducted	1	1	1	1
4	Number of ATR's compiled	1	1	1	1
5	Number of approved Workplace Skill Plan	1	1	1	1
6	Percentage of which employee are trained	100%	100%	100%	100%
7	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality approved employment equity plan	5	16	3	16
8	Percentage of employment equity target achieved	85%	100%	10%	100%
9	Number of Employment Equity Reports acknowledged by Department of Labour	1	1	1	1
10	Number of the Reports submitted to Management	4	12	9	12
11	Percentage of Reduction in Disciplinary Hearings	5%	5%	5%	5%
12	Number of Awareness Campaigns staged	0	1	1	1
13	Percentage of the Labour Matters that were managed and finalised	100%	100%	100%	100%
14	Number of the Monthly Labour Reports submitted to Management	12	12	12	12
15	Percentage of Risk within a tolerable level	100%	100%	100%	100%
16	Number of Monthly Risk Reports updated	4	4	4	4
17	Percentage of Internal and External audit Queries responded to and addresses within the required timeframe	100%	100%	100%	100%
18	Number of monthly progress report on the audit action plan	2	2	2	2
T 3.24.2					

Chapter 3

Human Resources Development Policy Objectives taken from Integrated Development Plan											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Effective implementation of the municipality's Workplace Skills Plan	Percentage to which planned WSP programmes are Implemented and achieved	100%	85%	100%	100%	55%	100%	100%	100%	Target not Met Due to cost-containment	Acquire additional National Treasury and SETAs
Compilation of the municipality's Workplace Skills Plan	Number of approved Workplace Skills Plans	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Ensuring proper and effective facilitation of skills development within the municipality	Percentage of municipality's budget spent on implementing its Workplace Skills Plan	100%	100%	100%	100%	55%	100%	100%	100%	Target not Met Due to cost-containment	Acquire additional National Treasury and SETAs
Managing the municipal workforce and ensuring the achievements of the employment equity targets	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's Employment Equity Plan	100%	45%	100%	60%	9%	100%	100%	100%	Target not Met Due slow recruitment as per results of cost-containment	Positions which the municipality could not feel as a result of financial constraints
Ensuring that the workforce adhere to good governance and ethical conduct	Percentage reduction in Disciplinary Hearings	100%	49%	100%	100%	25%	50%	50%	50%	Target Not Met Cases at SALGBC takes longer to be finalised	SALGBC to fast-track the finalisation of cases within the required timeframe as per SALGBCCADC
Promoting awareness regarding Health and Safety within the working environment	Percentage of actual spending of the municipal budget on skills development	1%	1%	1%	1%	0.84%	1%	1%	1%	Target Met	Continue monitoring
T 3.24.3											

T 3.24.3

Chapter 3

EMPLOYEE 2018/2019: HUMAN RESOURCE DEVELOPMENT					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	2	1	33%
4 - 6	1	3	0	2	67%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	4	7	3	3	43%
					T 3.24.4

Financial Performance Year 2018/2019: Human Resource Development					
					R'000
Details	2017/2018	2017/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Other employees	1 650	2 398	1 760	1 746	-37%
Repairs and Maintenance	0	0	0	0	0%
Other	1 350	2 764	1 541	263	-951%
Total Operational Expenditure	3 000	5 162	3 301	2 009	-157%
Net Operational Expenditure	-3 000	-5 162	-3 301	-2 009	-157%
					T 3.24.5

Capital Expenditure Year 2018/2019 Human Resource Development					
					R' 000
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No capital projects implemented	63 240	18 240	0	0%	0
					T 3.24.6

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE DEVELOPMENT OVERALL

The Human Resources Development Division has ensured that there are sound relationships with Government Departments, LGSETA and another Seta's. This enables the Division to obtain strategic partnership with the sectors. These strategic partners provide funding to the programmes that are implemented in the institution. The type of the funding we receive come in the form of the Discretionary Grants that are utilized to implement Learnerships and Internships. These projects require capital but since we receive Grants, all the programmes that are implemented through those conditional grants.

The compilations of the EEP, WSP, ATR, and Policy Development, which can be classified as the Capital Projects, are not outsourced as the HRD Division has the capacity to do the work internally. The Division will still rely on the Discretionary Grants and in the coming year we have secured funds from LGSETA for implementation of Waste Management Learnership, Department of Treasury for Financial Management Intern Programme and the Office of the Premier (Internships) and placement of Technical and Vocational Education Training (TVET's) Students to acquire workplace experience in the Municipality.

T 3.24.7

Chapter 3

3.25 INFORMATION COMMUNICATION TECHNOLOGY, COMMUNICATIONS AND CUSTOMER CARE SERVICES

INTRODUCTION TO INFORMATION COMMUNICATION TECHNOLOGY, COMMUNICATION AND CUSTOMER CARE SERVICES

The municipality is committed to providing a reliable and sustainable ICT environment that supports its goals and objectives, as defined in the Integrated Development Plan. The ICT Section is within the office of the Municipal Managers department and is linked to the IDP objective and key performance area of Good Governance & Public Participation.

The strategic goal of the section is to provide strategic leadership to the strategic operational activities of the municipality.

The main responsibility of the ICT Section is providing and maintaining Information Systems (IS) that responds to the information needs and requirements of the municipality as well as to ensure connectivity of the users at all times by focusing on the following areas;

- Security of all Information Technology (IT) systems and assets;
- Availability of systems;
- High performance of systems;
- Increase service delivery of the municipality to its greater customers through highly effective systems;
- Support and maintain systems used by all departments;
- Ensure IT systems work according to business requirements;
- Ensure policies and procedures are in place for governance;
- Ensure seamless integration of systems and platforms; and
- To lead delivery of IT systems and services according to industry best practices and government-based procedures.

The municipality has adopted the Municipal Corporate Governance of Information & Communication Technology Policy Framework, together with its ICT Governance Framework, Policies and ICT Charter for establishing the ICT Governance Structures required.

T 3.25.1

Chapter 3

Service Statistics: Information Communication Technology, Communications and Customer Relations Management											
	Details	Quarter 1		Quarter 2		Quarter 3		Quarter 4		2019/2020	2020/2021
		Target	Actuals	Target	Actuals	Target	Actuals	Target	Actuals	Target	Target
1	Percentage effective information communication technologies, communication and customer care relations management systems	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2	Number of information technology governance reports	1	1	1	1	1	1	1	1	4	4
3	Number of software licenses renewed and procured	2	2	0	0	1	1	2	2	5	5
4	Number of disaster recovery test conducted	1	1	1	1	1	1	1	1	4	4
											T 3.25.2

Chapter 3

INFORMATION COMMUNICATION TECHNOLOGY, COMMUNICATIONS AND CUSTOMER CARE POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Good Governance	Number of Information Communication Technology Steering Committee meeting held	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance	Number of security reports produced	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance	Number of email internet maintenance reports produced	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance	Number of Information Communication Technology Security Policy reviewed	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good Governance	Number of CIBECS licenses renewed	200	200	200	200	200	200	200	200	Target Met	Continue monitoring
Good Governance	Number of MICROSOFT volume licenses renewed	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good Governance	Number of Anti-malware and Anti-spyware licenses renewed	250	200	250	250	250	250	250	250	Target Met	Continue monitoring
Good Governance	Number of IMPERO licenses renewed	200	200	200	200	200	200	200	200	Target Met	Continue monitoring
Good Governance	Number of ePMS licenses renewed	1	1	1	1	1	1	1	1	Target Met	Continue monitoring
Good Governance	Number of Disaster Recovery test conducted on HRS-Server	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance	Number of Disaster Recovery test conducted on BARN-Server	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance	Number of Disaster Recovery test conducted on TERM-Server	4	4	4	4	4	4	4	4	Target Met	Continue monitoring

Chapter 3

INFORMATION COMMUNICATION TECHNOLOGY, COMMUNICATIONS AND CUSTOMER CARE POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i) Planning Statement	(ii) Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Good Governance	Number of risk registers updated	4	4	4	4	4	4	4	4	Target Met	Continue monitoring
Good Governance	Percentage of external and internal audit queries responded to and addressed within required timeframe	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Good Governance	Number of monthly updates of progress on Audit Action Plan	2	2	2	2	2	2	2	2	Target Met	Continue monitoring
To Provide strategic leadership to the strategic operational activities of the municipality	Number of review of Communication Policy and Strategy	2	2	2	2	2	2	2	2	Target Met	Continue monitoring
To Provide strategic leadership to the strategic operational activities of the municipality	Number of scheduled interviews	12	20	12	12	12	12	12	12	Target Met	Continue monitoring
To Provide strategic leadership to the strategic operational activities of the municipality	Number of Media Statements	12	12	12	12	12	12	12	12	Target Met	Continue monitoring
To Provide strategic leadership to the strategic operational activities of the municipality	Percentage Announcements/Notices issued	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
To Provide strategic leadership to the strategic operational activities of the municipality	Percentage Media Enquiries made	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
To Provide strategic leadership to the strategic operational activities of the municipality	Number of Themed Awareness Campaign	4	4	4	4	4	4	4	4	Target Met	Continue monitoring

Chapter 3

INFORMATION COMMUNICATION TECHNOLOGY, COMMUNICATIONS AND CUSTOMER CARE POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
To Provide strategic leadership to the strategic operational activities of the municipality	Percentage Website Uploads done	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
To Provide strategic leadership to the strategic operational activities of the municipality	Percentage Facebook Uploads done	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
T 3.25.3											

Chapter 3

EMPLOYEES: INFORMATION COMMUNICATION TECHNOLOGIES, COMMUNICATIONS & CUSTOMER RELATIONS MANAGEMENT					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	0	2		2	100%
7 - 9	1	2	1	1	50%
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	2	5	2	3	60%
					T3.25.4

FINANCIAL PERFORMANCE 2018/2019: INFORMATION COMMUNICATION TECHNOLOGIES, COMMUNICATIONS & CUSTOMER RELATIONS MANAGEMENT					
R'000					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 739	2 596	2 696	2 997	-301
Expenditure					
Employees	993	1 640	1 113	1 156	-44
Repairs and Maintenance	0	0	0	0	0
Other	749	955	1 583	1 841	-257
Total Operational Expenditure	1 740	2 596	2 696	2 997	-301
Net Operational Expenditure	1 740	2 596	2 696	2 997	-301
					T 3.25.5

CAPITAL EXPENDITURE 2017/2018: INFORMATION COMMUNICATION TECHNOLOGIES, COMMUNICATIONS & CUSTOMER RELATIONS MANAGEMENT					
R' 000					
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No capital projects were implemented during the year under review					
					T 3.25.6

COMMENT ON THE PERFORMANCE OF INFORMATION COMMUNICATION TECHNOLOGIES, COMMUNICATION AND CUSTOMER CARE SERVICES OVERALL:

The ICT Section has strived to deliver on the targets set for the 2018/2019 financial year. The challenges that the section is facing, is that we are currently under staffed with only 2 personnel providing support and dealing with technological issues within the various departments in the municipality. We hope that management can adhere to our call to have the relevant vacant positions filled.

The overall performance of the ICT Section has been excellent and with the support from management and the other departments the section will surely perform in the new financial year by providing excellent services to the various departments within the municipality.

T3.25.7

Chapter 3

3.26 LEGAL AND CONTRACT MANAGEMENT

INTRODUCTION TO LEGAL CONTRACT AND MANAGEMENT

The Legal Services and Contracts Management Division mandate is linked to the IDP Objectives and Key Performance Area: Good Governance. The Division is responsible for providing an effective and efficient Legal Service and Contracts Management to the entire Municipality. The services involve legal opinion and advice, labour matters, civil litigation and contracts management.

T 3.26.1

Legal and Contract Management Service Data					
	Details	2017/2018	2018/2019		2019/2020
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of audit analysis conducted to measure the effectiveness of legal services on contingent liabilities	1	1	0	1
2	Number of audit analysis conducted to measure the effectiveness of contract management	0	1	0	1
3	Number of Corporate Services Policies developed and reviewed	0	2	0	4
4	Percentage of the effectiveness of legal services and contract management.	100%	100%	0	100%
T 3.26.2					

Chapter 3

LEGAL AND CONTRACT MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Effective provision of legal and contract management services	Number of audit analysis conducted to measure the effectiveness of legal services on contingent liability	1	1	1	1	0	1	1	1	Target Not Met No contingent liability audits could be conducted due to the vacant positions of Legal Officer and Legal Manager.	Going forward, Legal Services will be audited to measure their effect on contingent liabilities as the division now has the key personnel to handle such matters.
Effective provision of legal and contract management services	Number of audit analysis conducted to measure the effectiveness of contract management	1	0	1	1	0	1	1	1	Target Not Met Contract management could not be audited due to the vacant Legal Officer position.	Going forward, contract management will be audited accordingly, as the Contract Officer position has been filled
Effective facilitation of development and review of corporate policies	Number of Corporate Policies developed, reviewed and approved	35	35	35	4	0	4	4	4	Target Not Met No corporate policies were developed, reviewed nor approved due to the vacant position of.	Going forward, policies will be reviewed and developed accordingly.

Chapter 3

LEGAL AND CONTRACT MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
<i>Service Indicators</i>		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)									
Planning Statement	Key Performance Indicator	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Effective facilitation of development and review of corporate policies	Percentage of the effective of legal services and contract management	100%	100%	100%	100%	0%	100%	100%	100%	Target Not Met The effectiveness of Legal Services and Contract Management could not be measured due to the vacant positions of Legal Manager and Legal Officer. .	The newly appointed Legal Officer resumed duty on the 6 th May 2019, and the new Legal Services Manager resumed duty on the 3 rd June 2019. These appointments should enable the measurement of the effectiveness of legal services and contract management going forward.

Chapter 3

EMPLOYEES: LEGAL SERVICES AND CONTRACT MANAGEMENT: 2017/2018					
Job Level	2017/2018	2018/2019			
	Employee No.	Post No	Employee No	Vacancies (Fulltime Equivalents) No	Vacancies (as a % of total posts) %
0-3	0	3	2	1	33%
4-6	0	0	0	0	0%
7-9	1	1	1	0	0%
10-12	0	0	0	0	0
13-15	0	0	0	0	0
16-17	0	0	0	0	0
Total	1	4	3	1	25%
T 3.26.4					

FINANCIAL PERFORMANCE 2018/2019: LEGAL SERVICES AND CONTRACT MANAGEMENT					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operating Revenue	0	0	0	0	0%
Expenditure					
Employees	924	2 560	480	583	-339%
Repairs and Maintenance	0	0	0	0	0%
Other	1 360	3 429	2 297	1 079	-218%
Total Expenditure	2 284	5 989	2 777	1 662	-260%
Net Operational Expenditure	-2 284	-5 989	-2 777	-1 662	-260%
T 3.26.5					

CAPITAL EXPENDITURE 2018/2019: LEGAL SERVICES AND CONTRACT MANAGEMENT				
Total All	Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
No projects were implemented during the year under review				
T 3.26.6				

COMMENT ON THE PERFORMANCE OF LEGAL AND CONTRACT OVERALL

The Legal Services and Contracts Management comprises of dedicated and committed employees who are prepared to provide effective and efficient services. The performance is bound to improve significantly due to the appointment of a Legal Manager and Legal Officer.

There is a huge number of contracts that have expired. Some contracts did not have accounts, which suggests that there are a number of people occupying our properties without any rental payment. It still remains a challenge to curb the legal expenses but with enough staff this will be achieved. The reduction of Legal costs is an ongoing priority for the Legal Services division.

T 3.26.7

Chapter 3

3.27 ADMINISTRATION AND COUNCIL SUPPORT

INTRODUCTION TO ADMINISTRATION AND COUNCIL SUPPORT

The Administration and Support Services Division is linked to the IDP Objective through the Key Performance Area of Good Governance and Public Participation. The Division is responsible to provide an effective and efficient Administration and Support Services and comprises of three sections in line with the key focus areas, namely Committee Services, Records and Archive Management and the Support Services which is also responsible for Telecommunication and Reprographic Equipment Management, Office Cleaning Services as well as Reception Services. This report reflects the performance of the division for the year 2018/2019.

T3.27.1

Service Statistics for Administration and Support Services					
	Details	2017/2018	2018/2019		2019/2020
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Percentage of Planned Records Management Programmes Implemented	100%	100%	100%	100%
2	Percentage of Resolutions Implemented	100%	100%	100%	100%
3	Percentage of complaints attended to in respect of Telephone and Reprographic Services and System	100%	100%	100%	100%
4	Percentage of Cleaning Programmes Implemented	100%	100%	45%	100%
5	Number By-laws development and/or reviewed	2	2	2	2
6	Percentage of the effectiveness on council support and administration	n/a	100%	89%	2
T 3.27.2					

Chapter 3

ADMINISTRATION AND SUPPORT SERVICES POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Proper and effective management and disposal of records	Percentage of planned Records Management programmes implemented	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Ensuring effective implementation and monitoring of council resolutions	Percentage of resolutions implemented	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Proper management of telephones and reprographic services and systems	Percentage of complaints attended to in respect of Telephone and Reprographic Services and System	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Ensuring that offices are clean and in good working conditions	Percentage of cleaning programmes implemented	100%	100%	100%	100%	45%	100%	100%	100%	Target Not Met Results of the Cleaning Survey – Unfortunately only 18 people submitted survey forms.	Mechanisms to improve the service will be developed. More focus will be placed towards cleaning services and also to issue the survey forms earlier and do regular follow-up as well as interviews with office users to ensure submission of analysis questionnaires.

Chapter 3

ADMINISTRATION AND SUPPORT SERVICES POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Facilitating the bylaw development, review and approval processes	Number By-laws development and/or reviewed	2	21	2	2					Target Met	Continue monitoring
Facilitating the bylaw development, review and approval processes	Percentage of the effectiveness on council support and administration	100%	100%	100%	100%	89%	100%	100%	100%	Target Almost Met No reason provided for the variance	Ensure that all activities within the divisions are done
T 3.27.3											

Chapter 3

EMPLOYEES: ADMINISTRATION AND SUPPORT SERVICE					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	3	3	0	0%
7 - 9	2	11	1	10	90%
10 - 12	11	14	8	6	43%
13 - 15	21	24	21	3	14%
Total	37	53	34	19	36%
					T 3.27.4

FINANCIAL PERFORMANCE YEAR 2018/2019: ADMINISTRATION AND SUPPORT SERVICES					
					R'000
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0!
Expenditure:					
Employees	0	0	0	0	0!
Repairs and Maintenance	82	74	54	30	-147%
Other	3 975	4 180	3 727	3 547	-18%
Total Operational Expenditure	4 057	4254	3781	3577	-19%
Net Operational Expenditure	4 057	4254	3781	3577	-19%
					T 3.27.5

CAPITAL EXPENDITURE 2017/2018: ADMINISTRATION AND SUPPORT SERVICE					
					R' 000
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total: All	455	455	146	-213%	
					T 3.27.6

COMMENT ON THE PERFORMANCE OF ADMINISTRATION AND COUNCIL SUPPORT OVERALL

The division is operating with an overall 36% vacancy rate. At Clerical Level we have a 90% vacancy rate. This impacts on monitoring as the Manager and Supervisors are more operational dealing with operational issues on a daily basis which impacts to planning and monitoring. We are currently making use of 3 EPWPs and 1 Learner at Clerical Level to assist however at least 1 Clerk has been identified and budgeted for to be filled in the 2019/2020 Financial Year.

Overall Performance was at 89% for the Division, however all targets except for the target relating to Cleaning Services was reached and the overall score was impacted by the low score achieved through the Cleaning Services Analysis whereby only 45% was achieved, however this is only based on 18 forms that were finally returned.

T 3.27.7

Chapter 3

3.28 PAYROLL ADMINISTRATION

PAYROLL ADMINISTRATION

The Payroll Administration Division is responsible for processing of salaries, benefits, deductions, payments to third parties, PAYE reconciliations and all other salary related processes. The payroll System follows set regulations to ensure compliance to national legislation. Payroll Administration is also responsible for the processing of all leave transactions and maintaining leave records of each employee. The Division falls within Corporate Services and is linked to the IDP through Organisational Development and Transformation Key Performance Area.

T3.28.1

Service Statistics for Payroll Administration					
	Details	2017/2018	2018/2019		2019/2020
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of payrolls processed on or before 25 th of every month	12	12	12	12
2	Number of months that Third parties are processed on or before the 3 rd of every month	12	12	12	12
3	Percentage of leave processed	100%	100%	100%	100%
T 3.28.2					

Chapter 3

PAYROLL MANAGEMENT POLICY OBJECTIVES TAKEN FROM INTEGRATED DEVELOPMENT PLAN											
Service Objectives	Outline Service Targets	2017/2018		2018/2019			2019/2020-2021/2022			Reasons for Variance	Measures taken to address underperformance
		Target	Actual	Target		Actual	Target				
Service Indicators		2017/2018	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2020/2021	2021/2022		
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)		
Planning Statement	Key Performance Indicator										
Organisational Development and Transformation	Timeously processing of payment of salaries	Number of payrolls processed on or before 25 th of every month	12	12	12	12	12	12	12	Target Met	Continue monitoring
Organisational Development and Transformation	Timeously processing of payment of third parties	Number of months that Third parties are processed on or before the 3 rd of every month	12	12	12	12	12	12	12	Target Met	Continue monitoring
Organisational Development and Transformation	Effective administration and maintenance of leave	Percentage of leave processed	100%	100%	100%	100%	100%	12	12	Target Met	Continue monitoring
T 3.28.3											

Chapter 3

Employees: Payroll Administration					
Job Level	2017/2018	2018/2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	1	1	50%
4 - 6	1	1	1	0	0%
7 - 9	1	1	1	0	0%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	4	5	4	1	20%
					T 3.28.4

FINANCIAL PERFORMANCE 2018/2019: PAYROLL ADMINISTRATION					
					R'000
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure					
Employees	2 266	2 619	1 664	1 627	-61%
Repairs and Maintenance	0	0	0	0	0%
Other	165	549	346	223	-146%
Total Operational Expenditure	2 431	3 168	2 010	1 850	-71%
Net Operational Expenditure	2 431	3 168	2 010	1 850	-71%
					T 3.28.5

CAPITAL EXPENDITURE 2018/2019: PAYROLL ADMINISTRATION					
					R' 000
Capital Projects	2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No projects were implemented during the year under review					
					T 3.28.6

COMMENT ON THE PERFORMANCE OF PAYROLL ADMINISTRATION SERVICES OVERALL

The Division has achieved all targets and the reports were submitted for all four quarters of the financial year 2018/2019 even though the Division was only 80% staffed with a vacant position of Accountant. The duties were however performed by the Manager Payroll in addition to the responsibilities of the Manager.

T 3.28.7

Chapter 3

COMPONENT H: ORGANISATIONAL PERFORMANCE SCORECARD

Municipal Manager

National Development Chapter			8. Corruption Levels are High (9)														Reasons for the Variance	Measure taken to address the under performance
National Outcome			9. A responsive, accountable, effective and efficient system of local government															
Back to Basic Principle			Promoting good governance, transparency and accountability															
Free State Growth and Development Strategies 6 Pillars			Good Governance															
Predetermined Objective			Providing strategic leadership to the strategic operational activities of the municipality															
Key Performance Area			Good Governance and Public Participation															
Planning Statement	Outcome	Outcome Indicator	Output Indicator	Key Performance Indicator	Baseline Indicator	Annual Target	Revised Target	Quarterly Targets										
								Quarter 1		Quarter 2		Quarter 3		Quarter 4				
								Target	Actual	Target	Actual	Target	Actual	Target	Actual			
Putting People First	Improved Municipal responsiveness	Percentage of ward committees that are functional (meet four times a year, are quorate, and have an action plan)	Percentage of ward committees with six or more ward committee members (excluding the ward councillors	Number of ward committees that are established and functional	17	17	17	17	17	17	17	17	17	17	17	Target Met	Continue monitoring	
Putting People First	Improve municipal responsiveness	Percentage of ward committees that are functional (meet four times a year, are quorate, and have an action plan)	Number of councillors convened community meetings per ward	Number of councillors who have held ward community meetings as per the ward operational plan	17	17	17	17	17	17	17	17	17	17	17	Target Met	Continue monitoring	
Good Governance	More effective municipal administration	Audit opinion	Number of repeat findings	Percentage of repeat audit findings responded to and addressed within the required timeframe	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring	
Good Governance	More effective municipal administration	Audit opinion	Number of councillors who have declared their financial interests	Percentage of councillors who have declared their financial interest	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring	
Good Governance	More effective municipal administration	Audit opinion	Number of administrative staff who have declared their financial interest	Percentage of administrative staff who have declared their financial interest	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring	
Good Governance	Improved council functionality	Average percentage of councillors attending council meetings	Number of council items deferred to the next council meetings	Percentage of council items dealt with and resolved in a council meeting	100%	100%	100%	100%		100%		100%		100%		Target Met	Continue monitoring	
Good Governance	Zero tolerance of fraud and corruption	Number of alleged fraud and corruption cases reported per 100 000 population	Number of active suspensions longer than three months	Percentage of active suspension on allegation of fraud and corruption longer than three months	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring	
Good Governance	Zero tolerance of fraud and corruption	Number of dismissals for fraud and corruption per 100 000 population	Quarterly salary bill of suspended officials	Percentage salary bill of suspended official against the total municipal salary bill	2%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	Target Met	Continue monitoring	
Good Governance	Zero tolerance of fraud and corruption	Number of convictions for bribery and/or corruption by municipal officials per 100 000 population	Quarterly salary bill of suspended officials	Percentage of convictions for bribery and/or corruption by municipal officials	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring	

Chapter 3

Director Development Planning and Social Security

National Development Chapter			3. Infrastructure is poorly located, inadequate and under-maintained													Reasons for the Variance	Measure taken to address the under performance
National Outcome			3. All people in South Africa														
Back to Basic Principle			2. Supporting the delivery of municipal services to the high standards														
Free State Growth and Development Strategies 6 Pillars			3. Improved Quality of Life														
Predetermined Objective			Provision of effective community services and promotion of local economic development														
Key Performance Area			Service Delivery and Infrastructure														
Planning Statement	Outcome	Outcome Indicator	Output Indicator	Key Performance Indicator	Baseline Indicator	Annual Target	Revised Target	Quarterly Targets									
								Quarter 1		Quarter 2		Quarter 3		Quarter 4			
								Target	Actual	Target	Actual	Target	Actual	Target	Actual		
Putting People First	Improved Municipal responsiveness	Protest incidents per 10 000 population	Percentage of official complaints resolved per norms and standards for the municipal complaint management system	Percentage protest complaints reported and resolved within required timeframe	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Environment and Waste Management	Increased access to refuse removal	Percentage of households with basic refuse removal services or better	Percentage of known informal settlements receiving integrated waste handling services	Percentage of households receiving basic refuse removal services	100%	100%	100%	100%	86%	100%	86%	100%	86%	100%	86%	Target Not Met	Increase collection levels to ensure that communities are provided with decent services
Environment and Waste Management	Compliance with national legislation	Integrated Waste Management Plans developed and approved	Number of plans developed and approved	Number of Integrated Waste Management Plans developed, reviewed and approved	1	1	1	0	0	0	0	0	0	1	1	Target Met	Continue monitoring
Fires, disasters and emergency services	Mitigated effects of emergencies and disasters	Number of fire related deaths per 1 000 population	Percentage compliance with the required attendance time for structural and veld firefighting incidents	Percentage firefighting, disaster and emergencies incidents attended to within the required timeframe	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Local Economic Development	Growing local economies	Gross Value added by the municipality per capita	Average time take to process business license applications and permits	Percentage business license applications and permits processes and approved within the required timeframe	100%	100%	100%	100%		100%		100%		100%		Target Met	Continue monitoring
Public Safety and Security	Improved personnel, community and municipal property safety	Disaster Management Plans developed and approved	Number of plans developed and approved	Number of Disaster Management Plans developed, reviewed and approved	1	1	1	0		0		0		1		Target Met	Continue monitoring

Chapter 3

Director Engineering Services

National Development Chapter			7. Public services are uneven and often of poor quality (10)													Reasons for the Variance	Measure taken to address the under performance
National Outcome			10. Environmental assets and natural resources that are well protected and continually enhanced														
Back to Basic Principle			2. supporting the delivery of municipal services to the high quality and standards														
Free State Growth and Development Strategies 6 Pillars			3. Improved Quality of Life														
Predetermined Objective			To provide efficient competitive sustainable economic infrastructure network and service delivery														
Key Performance Area			Service Delivery and Infrastructure														
Planning Statement	Outcome	Outcome Indicator	Output Indicator	Key Performance Indicator	Baseline Indicator	Annual Target	Revised Target	Quarterly Targets									
								Quarter 1		Quarter 2		Quarter 3		Quarter 4			
								Target	Actual	Target	Actual	Target	Actual	Target	Actual		
Energy and Electricity	Improved access to electricity	Percentage of household with access to electricity	Number of dwellings provided with connections to the mains electricity supply by the municipality	Percentage of household with access to basic electricity	83%	100%	100%	100%	91%	100%	91%	100%	91%	100%	91%	Target Not Met	Engage with Eskom to fast-track the provision of electricity
Energy and Electricity	Improved affordability of electricity	Households receiving free basic electricity as a percentage of all household with electricity	Free Basic Electricity provision levels as a percentage of total residential electricity provision (in terms of MWh)	Percentage of households receiving free basic electricity in terms of the municipality's Indigent Policy	6%	18%	18%	18%	17%	18%	17%	18%	17%	18%	17%	Target Met	Continue monitoring
Energy and Electricity	Improved reliability of electricity	System average interruption duration index	Percentage of unplanned outages that are restored to supply within industry standard timeframes	Percentage unplanned outages restored within required timeframe	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Energy and Electricity	Improved energy sustainability	Percentage total electricity losses	Currency in rand and cents of the electricity losses against the total bulk purchases	Percentage electricity losses	0%	0%	0%	0%	11%	0%	11%	0%	11%	0%	11%	Target Not Met	Continue monitoring
Water and Sanitation	Improved access to sanitation	Percentage of households with access to basic sanitation	Number of sewer connections meeting the minimum standards	Percentage of households with access to basic sanitation	97%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Water and Sanitation	Improved access to water	Percentage of households with access to basic water supply	Number of new water connections meeting minimum standards	Percentage of household with access to basic water supply	100%	100%	100%	100%	95%	100%	95%	100%	95%	100%	95%	Target Not Met	Apply for funding from relevant funding sources
Water and Sanitation	Improved quality of water and sanitation services	Frequency of sewer blockages	Percentage of complaints/callouts responded to within 24 hours for water and sanitation provision	Percentage of unplanned water interruptions and sewer blockages complaints/callouts responded to within require timeframe	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Water and Sanitation	Improved quality of water	Percentage drinking water compliance to SANS241	Percentage portable water complying to SANS241	Percentage blue drop	73%	100%	100%	100%	Not provided	100%	Not provided	100%	Not provided	100%	Not provided	Target Not Met	Engage DWA to take tests
Water and Sanitation	Improved quality of water	Percentage waste quality compliance to the water use license	Percentage waste quality compliance to the water use license	Percentage green drop	30%	15%	15%	15%	Not provided	15%	Not provided	15%	Not provided	15%	Not provided	Target Not Met	Engage DWA to take tests
Energy and Electricity	Improved water sustainability	Total water losses	Currency in rand and cents of the total water losses	Percentage of total water losses	0%	0%	0%	0%	42%	0%	42%	0%	42%	0%	42%	Target Not Met	Continue monitoring
Housing and community facilities	Improved access to adequate housing, including security of tenure	Percentage of households living in adequate housing	Number of subsidized housing units completed	Percentage of household with subsidized housing	45%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	Target Met	Continue monitoring
Housing and community facilities	Improved access to adequate housing, including security of tenure	Percentage of households living in adequate housing	Number of formal sites serviced	Percentage of formal sites serviced	100%	100%	100%	100%		100%		100%		100%		Target Met	Continue monitoring

Chapter 3

National Development Chapter			7. Public services are uneven and often of poor quality (10)												Reasons for the Variance	Measure taken to address the under performance	
National Outcome			10. Environmental assets and natural resources that are well protected and continually enhanced														
Back to Basic Principle			2. supporting the delivery of municipal services to the high quality and standards														
Free State Growth and Development Strategies 6 Pillars			3. Improved Quality of Life														
Predetermined Objective			To provide efficient competitive sustainable economic infrastructure network and service delivery														
Key Performance Area			Service Delivery and Infrastructure														
Planning Statement	Outcome	Outcome Indicator	Output Indicator	Key Performance Indicator	Baseline Indicator	Annual Target	Revised Target	Quarterly Targets									
								Quarter 1		Quarter 2		Quarter 3		Quarter 4			
								Target	Actual	Target	Actual	Target	Actual	Target	Actual		
Housing and community facilities	Improved access to adequate housing, including security of tenure	Title deed backlog	Average number of days taken to register the title deed on subsidized stands and units	Percentage backlog of title deed on subsidized stand and units	5%	0%	0%	0%	0	0%	0	0%	0	0%	0	No information provided from sector department responsible	Engage with CoGTA to provide statistics
Transport and Roads	Improved quality of municipal road network	Improved road safety and improved access to public transport	Percentage of road and storm water infrastructure network maintained	Percentage of storm water infrastructure network maintained	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Transport and Roads	Improved quality of municipal road network	Improved road safety and improved access to public transport	Percentage of road and storm water infrastructure network maintained	Percentage of road infrastructure network maintained	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring

Chapter 3

Chief Financial Officer

National Development Chapter			5. The economy is unstable (resource intensive)													Reasons for the Variance	Measure taken to address the under performance
National Outcome			9. A responsive, accountable, effective and efficient local government system														
Back to Basic Principle			4. ensuring sound financial management and accounting														
Free State Growth and Development Strategies 6 Pillars			6. Good Governance														
Predetermined Objective			Sound financial management (the planning, directing, monitoring and controlling of the monetary resources of the municipality)														
Key Performance Area			Financial Viability and Management														
Planning Statement	Outcome			Key Performance Indicator	Baseline Indicator	Annual Target	Revised Target	Quarterly Targets									
								Quarter 1		Quarter 2		Quarter 3		Quarter 4			
								Target	Actual	Target	Actual	Target	Actual	Target	Actual		
Sound financial management	Improved financial management	Percentage of the total municipal expenditure on awarded tenders against municipal budget	Average length of time from advertisement of a tender to the letter of award	Percentage municipal expenditure on awarded tenders against the annual municipal budget	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Sound financial management	Improved financial management	Percentage of the total municipal expenditure on awarded tenders against municipal budget	Average length of time from advertisement of a tender to the letter of award	Percentage expenditure of the annual MIG allocation year-to-date	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Sound financial management	More effective poverty alleviation	Percentage of all qualifying households in the municipal area classified as indigent	Percentage of the municipality's operating budget spent on free basic services to indigent households	Percentage of the municipality's operating budget spent on free basic services to indigent households	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Sound financial management	More effective poverty alleviation	Percentage of all qualifying households in the municipal area classified as indigent	Percentage of the municipality's operating budget spent on free basic services to indigent households	Number of work opportunities created through EPWP, CWP and other related infrastructure programmes	2 000	2 000	2 000	2 000	885	2 000	885	2 000	885	2 000	885	Grants come with certain conditions	Apply funding for the creation of more job opportunities
Sound financial management	Improved financial management	Percentage of the total municipal budget spending against the approved budget	Percentage deviation on the approved budget	Percentage spending on the approved budget	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring

Chapter 3

Director Development Corporate Services

National Development Chapter			9. South Africa remains a divided society													Reasons for the Variance	Measure taken to address the under performance
National Outcome			9. A responsive, accountable, effective and efficient local government system														
Back to Basic Principle			5. Building institutional resilience and administrative capability														
Free State Growth and Development Strategies 6 Pillars			6. Good Governance														
Predetermined Objective			Development of Corporate Services Excellence														
Key Performance Area			Organisational Development and Transformation														
Planning Statement	Outcome			Key Performance Indicator	Baseline Indicator	Annual Target	Revised Target	Quarterly Targets									
								Quarter 1		Quarter 2		Quarter 3		Quarter 4			
								Target	Actual	Target	Actual	Target	Actual	Target	Actual		
Building capable local government institutions	Improved municipal capability	Percentage of municipal skills development levy recovered	Percentage of municipal budget allocated to skills development	Percentage actual spending of the municipal budget on skills development	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	Target Met	Continue monitoring
Building capable local government institutions	Improved municipal capability	Top Management Stability (% of days in a year that all s56 positions are filled by full-time, appointed staff not in an acting capacity)	Staff vacancy rate	Percentage of fulltime appointed s56 Managers	100%	100%	100%	100%	60%	100%	60%	100%	60%	100%	60%	Implications of Regulation 17	Council to speed up the finalisation of the filling of vacant posts
Building capable local government institutions	Improved municipal capability	Top Management Stability (% of days in a year that all s56 positions are filled by full-time, appointed staff not in an acting capacity)	Average time taken by the municipality to make an appointment	Number of days taken by the municipality to make an appointment	0	60	60	60	120	60	120	60	120	60	120	Implications of Regulation 17	Council to speed up the finalisation of the filling of vacant posts
Building capable local government institutions	Improved municipal capability	Percentage effectiveness on the implementation of the Health and Safety Programmes in the workplace	Percentage towards awareness made on Health and safety programmes at the workplace	Percentage towards awareness made on Health and safety programmes at the workplace	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Building capable local government institutions	Improved municipal capability	Human Resources Management	Percentage of the effectiveness on the Human Resources Administration	Percentage of the effectiveness on the Human Resources Administration	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Building capable local government institutions	Improved municipal capability	Legal Services and Contract Management	Percentage of the effectiveness on the Legal Services and Contract Management	Percentage of the effectiveness on the Legal Services and Contract Management	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring
Building capable local government institutions	Improved municipal capability	Council Support and Administration	Percentage of the effectiveness on the Council Support and administration	Percentage of the effectiveness on the Council Support and administration	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Met	Continue monitoring

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

During 2018/2019 Department of Corporate Services continued rendering support services to the institution of the following functions:

- Human Resources Management;
- Legal Services and Contract Management;
- Payroll Administration Services;
- Administration and Council Services; and
- Human Resources Development.

The institution had a total of 645 permanent and 8 temporary employees as at the 30th June 2019. Only two Senior Managers positions were filled, that of the Municipal Manager and the Director of Development Planning and Social Security. The following positions were still vacant, but filled with acting personnel, until the end of the year under review;

- Director of Corporate Services;
- Chief Financial Officer; and
- Director of Engineering Services

The process of reviewing the organisational structure could not be finalised but the municipality is intending to finalise it before the end of the new financial year. Parallel to this process will be the job evaluation process as well and the signing of new job description as informed by the outcome of the job evaluation exercise.

T 4.0.1

Chapter 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

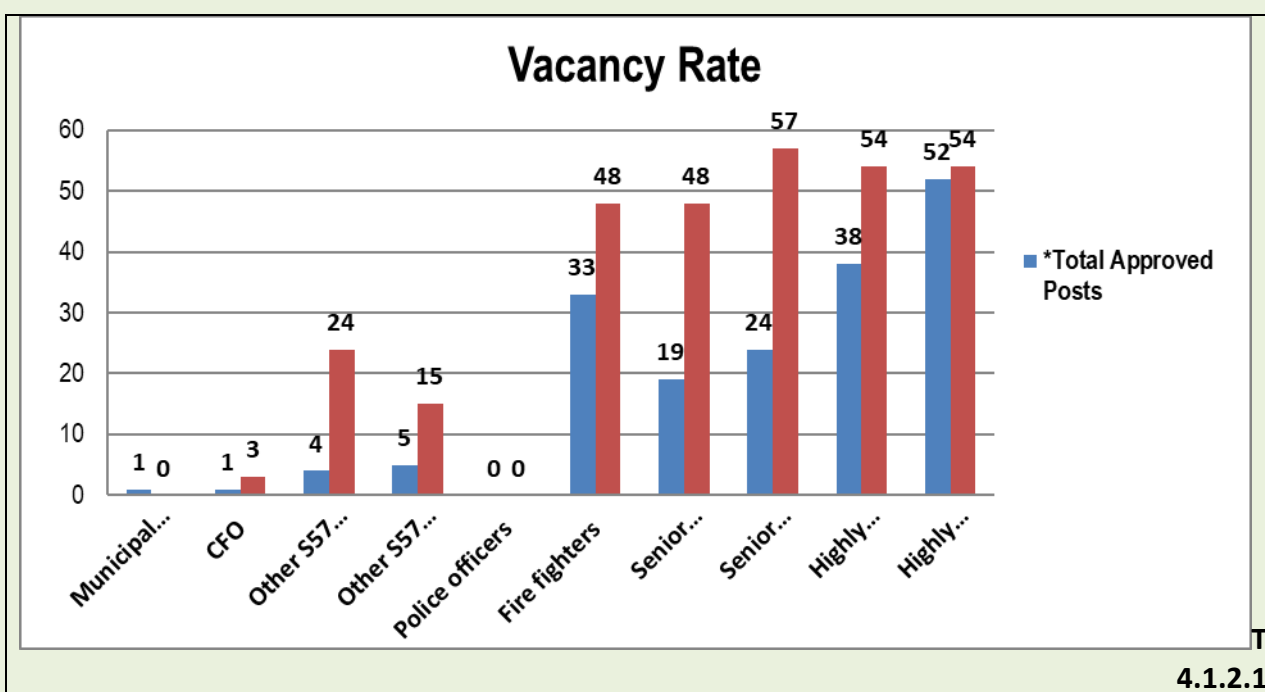
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2017/2018	2018/2019			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Council General	8	12	9	3	25%
MM Office	11	15	11	3	20%
Integrated Development Planning and Performance Management Systems	4	5	4	0	0%
Internal Audit	5	10	5	5	50%
Information Technology	4	11	4	7	64%
Treasury Administration	1	2	1	1	50%
Expenditure	8	13	8	5	38%
Budget & Reporting	5	10	5	5	50%
Supply Chain Management	9	21	9	12	57%
Revenue Services	36	53	34	19	36%
Assets Management	5	10	4	6	60%
Administration and Support	35	52	35	18	35%
Human Resources Management	10	17	8	4	24%
Payroll Administration	4	5	4	1	20%
Legal Services	1	5	3	2	40%
Human Resources Development	4	7	3	4	57%
Community Admin	1	2	2	1	50%
Cemeteries	5	24	5	19	79%
Local Economic Development	3	6	3	3	50%
Sport, Recreation and Parks	62	124	62	67	54%
Traffic	22	41	22	19	46%
Fire Services	1	36	1	35	97%
Disaster Management	1	3	1	2	67%
Security services	31	70	31	39	56%
Waste Management	77	143	69	73	51%
Engineering Services	3	2	4	2	100%
Project Management Unit	4	7	4	4	57%
Roads and Storm Water	60	125	54	62	50%
Electricity	24	40	24	16	40%
Water	68	103	65	41	40%
Waste Water	130	162	131	31	19%
Housing	20	44	20	24	55%
Fleet Management	2	18	2	16	89%
Totals	664	1 198	647	549	46%
					T 4.1.1

Chapter 4

Vacancy Rate: 2018/2019			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
Chief Financial Officer	1	3	300
Other S56 Managers (excluding Finance Posts)	4	24	600
Other Finance Posts	5	15	300
Police officers	0	0	0
Fire fighters	33	48	145
Middle management: Levels 13-15 (excluding Finance Posts)	19	48	253
Senior management: Levels 13-15 (Finance posts)	24	57	238
Highly skilled supervision: levels 9-12 (excluding Finance posts)	38	54	142
Highly skilled supervision: levels 9-12 (Finance posts)	52	54	104
Total	177	303	171

T 4.1.2



Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year 2018/2019	Terminations during the Financial Year 2018/2019	Turn-over Rate*
	No.	No.	
2016/2017	42	49	117%
2017/2018	12	26	217%
2018/2019	12	24	200%
			T 4.1.3

COMMENT ON VACANCIES AND TURNOVER

During 2018/2019 only the positions of the Municipal Manager and the Director Development Planning and Social Security were filled. The three other senior managers positions were vacant for the greater part of the financial year and were filled by acting personnel. There were 24 terminations, and 12 positions were filled during the year under review.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality has developed and adopted appropriate systems, policies and practice to ensure that there are fair, efficient, effective and transparent personnel administration. Effective human resource management practices enhance performance by contributing to employees' productivity and development of favorable reputation in the municipality and community.

Training and Development Policy was adopted by council on the 16th October 2014, as the stand alone policy and no more part of Human Resources Policy Manual, The new policy clearly outline how the institution is committed to the structure and systematic training and development of all its Employees on an ongoing basis to enable them to perform their duties effectively and efficiency. The Employees were also inducted on the policy.

The Employment Equity Plan and Workplace Skills Plan were also complied in order to ensure that the Municipality reached affirmative Action (Numeric Goals) and further ensure that the training of Employees is planned and implemented.

T 4.2.0

Chapter 4

4.2 POLICIES

Human Resources Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Bereavement Policy	100%	100%	Version 1: adopted on 24/02/2011
2	Dress Code Policy	100%	0%	Version 1: adopted on 28/02/2011
3	Employment Equity Policy	100%	0%	Version 1: adopted on 30/05/2013
4	Employee Performance Appraisal System	100%	0%	Version 1: adopted on 30/08/2008
5	Employee Assistance Programme	100%	0%	Version 1: adopted on 30/05/2013
6	HIV/AIDS Policy	100%	0%	Version 1: adopted on 30/05/2013 Version 2: review currently underway
7	Occupational Health & Safety Policy	100%	0%	Version 1: adopted on 10/02/2007
8	Promotion Demotion & Transfer Policy	100%	0%	Version 1: adopted on 24/01/2013
9	Staff Retention Policy	100%	0%	Version 1: adopted on 30/10/2012
10	Remuneration Policy for all Employees	100%	0%	Version 1: adopted on 10/12/2007
12	Remuneration Policy for Senior Managers	100%	0%	Version 1: adopted on 10/12/2007
13	Placement Policy	100%	0%	Version 1: adopted on 27/03/2003
14	Training and Development Policy	100%	100%	Version 2: adopted on 16/10/2014
15	Sexual Harassment Policy	100%	0%	Version 1: adopted on 10/12/2007
16	Recruitment, Selection, Appointment Policy	100%	0%	Version 1: adopted on 10/12/2007
17	Relocation Policy	100%	0%	Version 1: adopted on 10/12/2007
18	Labour Relations & Discipline Policy	100%	0%	Version 1: adopted on 10/12/2007
19	Travelling Allowance Scheme	100%	0%	Version 1: adopted on 10/12/2007
20	Policy on Employee Benefits	100%	0%	Version 1: adopted on 10/12/2007
21	Legal Aid to Employees & Cession of Action	100%	0%	Version 1: adopted on 10/12/2007
22	Smoking Policy	100%	0%	Version 1: adopted on 10/12/2007 Version 2: review progress currently underway
23	Induction Policy	100%	0%	Version 1: adopted on 10/12/2007
24	Use of Municipal Vehicles & Equipment	100%	0%	Version 1: adopted on 10/12/2007
				T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT

There are 24 policies in place, which were never being reviewed and intending to review two (2 policies per quarter in the year 2018/2019). The 1st Quarter Bereavement Policy, Staff retention Policy, Second Quarter Occupational Health and Safety and Third Quarter Employee Assistance Programme, HIV and ADIS Policy.

T 4.2.1.1

Chapter 4

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	28	7	25%	6	17 689
Temporary total disablement	0	1	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	1	0%	0	0
Total	28	9	32%	6	17 689

T 4.3.1

Number of Days and Cost of Sick Leave 2018/2019 (excluding injuries on duty)						
Department	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000

The service provider has submitted a quotation for the upgrading of the system to include a module to calculate the above activities. The information will be updated before the annual report is tabled to council in January 2020.

T 4.3.2

Number of Days and Cost of Sick Leave 2018/2019 (excluding injuries on duty) Graph

The service provider has submitted a quotation for the upgrading of the system to include a module to calculate the above activities. The information will be updated before the annual report is tabled to council in January 2020.

T 4.3.3

COMMENT ON INJURY AND SICK LEAVE

A proper leave register is always maintained, and sick leave applications are captured on the VIP Payroll System. During the financial year 9 injury on duty cases were reported and employees where therefore booked off sick for a total number of 28 sick leave days. The division ensured that these cases are also reported to the department of labour.

T 4.3.4

Chapter 4

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Cashier	The Employee had failed to perform her duties effectively to the best of her of her abilities. The alledged misconduct led to Municipality's money amount to R 115 445,04 that was not banked	The Employee was suspended, and formal disciplinary action instituted as per SALGBC Disciplinary Procedure Collective Agreement. The matter is scheduled to commence on 22nd August 2019	Pending, disciplinary Tribunal is scheduled for 22nd August 2019
Cashier	The Employee had failed to perform her duties effectively to the best of her of her abilities. The alledged misconduct led to Municipality's money amount to R 239 584,84 that was not banked	The Employee was suspended, and formal disciplinary action instituted as per SALGBC Disciplinary Procedure Collective Agreement. The matter is scheduled to commence on 22nd August 2019	Pending, disciplinary Tribunal is scheduled for 22nd August 2019
Senior Cashier	It is alledged that the Employee failed to perform his supervisory roles over the cashiers and that led to the Municipality failing to bank R 335 029,88. Furthermore, It is alledged that the Employee failed to ensure proper control over the money-safe and that led to under-banking and shortages which were not accounted for	The Employee was suspended, and formal disciplinary action instituted as per SALGBC Disciplinary Procedure Collective Agreement. The matter is scheduled to commence on 28th August 2019	Pending, disciplinary Tribunal is scheduled for 28th August 2019
Debtors Clerk	It is alledged that she was involved in processing transfer of immovable properties while such transfer was not authorised by the Municipality according to the Section 14 of MFMA or Supply Chain Management Policy or any policy regulating transfer and alienation of Municipal property. Municipality have lost R 76 800,00 for properties rates tax, R 614 400,00 for service accounts and R 720 000,00 from selling of those properties. This amount to R 1 414 200,00	The Employee was suspended, and formal disciplinary action instituted as per Municipal Systems Act, Schedule 2. The matter is scheduled to commence on 19th - 20th August 2019	Pending: Disciplinary Tribunal is scheduled 19th - 20th August 2019
			T 4.3.5

Chapter 4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
Cashier	The Employee had failed to perform her duties effectively to the best of her abilities. The alleged misconduct led to municipality's money amount to R 115 445.04 that was not banked. Some money bags were also submitted to Service Provider (Fidelity- Group) with shortages while others empty	27/06/2018	The Employee was suspended and charged. The matter is scheduled to commence on 22nd August 2019. The Employee Representative that was initially assigned by the Trade Union requested postponement due to other commitments. The change in the employee's Representative had a negative impact as the rescheduled dates were not compatible to new Representative as he was already having other commitments prior to his assignment to replace the initial one. the other delays were also as per the presiding Officer's non availability (On three occasions to be specific).	Pending: Disciplinary Tribunal is scheduled for 22nd August 2019.
Cashier	The Employee had failed to perform her duties effectively to the best of her abilities. The alleged misconduct led to Municipality's money amount to R 115 445.04 that was not banked. Some money bags were also submitted to Service Provider (Fidelity- Group)	27/06/2018	The Employee was suspended and charged. The matter is scheduled to commence on 22nd August 2019. The Employee Representative that was initially assigned by the Trade Union requested postponement due to other commitments. The change in the employee's Representative had a negative impact as the rescheduled dates were not compatible to new Representative as he was already having other commitments prior to his assignment to replace the initial one. the other delays were also as per the presiding Officer's non availability (On three occasions to be specific).	Pending: Disciplinary Tribunal is scheduled for 22nd August 2019.
Senior Cashier	It is alleged that the Employee failed to perform his Supervisory roles over the Cashiers and that led to the Municipality failing to bank R335 029.88. Furthermore, it is alleged that the Employee failed to ensure the proper control over the money-safe and that led to under-banking and shortages which were not accounted for.	27/06/2018	The Employee was suspended, investigation conducted, and disciplinary actions were instituted. Disciplinary Tribunal is scheduled for the 28th August 2019. The change in the employee's Representative had a negative impact as the rescheduled dates were not compatible to new Representative as he was already having other commitments prior to his assignment to replace the initial one. the other delays were also as per the presiding Officer's non availability (On three occasions to be specific).	Pending: Disciplinary Tribunal is scheduled for 28th August 2019.

Chapter 4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
Debtor's Clerk	It is alleged that the Employee was involved in processing transfer of immovable properties while such transfer was not authorised by the section of MFMA or supply chain Management policy or any policy regulating transfer and alienation of municipal property	15/09/2017	The employee was suspended, investigation conducted, and disciplinary actions were instituted. Disciplinary tribunal is scheduled for 19-20th August 2019. the changes of the Representatives by the employee had negative impact on the proceedings as it let to the series of postponements. the non-availability of the employer's key witnesses also let to further delays in commencing with matter.	Pending: Disciplinary Tribunal is scheduled for 19-20th August 2019
Manager Water Services	It is alleged that the Employee deliberately neglected his duties and that led to non-provision of water to the community. It is alleged that the Employee is not honest when submitting reports and do not take instruction from the Acting Director Engineering Services.	27/02/2019	The Employee was suspended, investigation conducted, and disciplinary actions were instituted. Parties to decide on the new date for Disciplinary Tribunal. The delay was caused by the commitments of the Presiding Officer and Senior Managers in their respective municipalities.	Pending: Parties decide on the new date for Disciplinary Tribunal

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
Fleet Management Assistant	It is alleged that the Employee failed to perform his duties to the best of his abilities. Furthermore, The Employee did not carry out lawful instruction given to him by Acting Director Engineering Services.	27/02/2019	The Employee was suspended, investigation conducted, and disciplinary actions were instituted. Disciplinary tribunal is scheduled for 19-20th August 2019.	Pending: Disciplinary Tribunal is scheduled for 13th August 2019
Supervisor Waste Management	It was alleged that the Employee was not performing his duties to the best of his abilities. He was also dishonest when completing and approving the leave Application of the Team Leader	13/03/2018	The Employee was suspended, investigation conducted, and Disciplinary actions were instituted. The matter has been finalised internally and the Employee has been dismissed	Finalised: 10/01/2019

T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

Two cashiers were suspended, and the formal disciplinary action instituted as per South African Local Government Bargaining Council Disciplinary Procedure Collective Agreement. There were several postponements requested by both parties and the parties agreed to commence with the disciplinary hearing on the 22nd August 2019. The two cashiers are still on suspension pending the completion of the disciplinary process.

Senior Cashier is charged for failing to perform his supervisory role over the cashiers and that led to the municipality failing to bank money. It is alleged that the employee failed to ensure proper control over the money-safe and that led to under-banking and shortages which were

Chapter 4

not accounted for. The employee was suspended, and formal disciplinary action instituted as per South African Local Government Bargaining Council Disciplinary Procedure Collective Agreement. The employee remains suspended and the disciplinary tribunal is scheduled for the 28th August 2019.

Debtors Clerk was charged for processing transfer of immovable properties while such transfers were not authorized by the municipality according to section 14 of Municipal Finance Management Act, 56 of 2003 or any policy regulating transfer and alienation of municipal property. The employee was suspended, and disciplinary actions instituted as per Municipal Systems Act, 32 of 2000, schedule 2. The matter is scheduled for 19th – 29th August 2019.

T 4.3.7

4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2019/2020	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female	None			
	Male	None			
Skilled (Levels 3-5)	Female	None			
	Male	None			
Highly skilled production (levels 6-8)	Female	None			
	Male	None			
Highly skilled supervision (levels 9-12)	Female	None			
	Male	None			
Senior management (Levels 13-15)	Female	None			
	Male	None			
MM and S57	Female	None			
	Male	None			
Total		0			

T 4.4.1

COMMENT ON PERFORMANCE REWARDS

No performance rewards were granted during the year under review as there were no employee appraisals done.

T 4.4.1.1

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipality has submitted the Workplace Skills Plan on the 30th April 2019. Prior to the compilation progress the new Training and Development Policy was adopted by Council in October 2014. Training Committee was established (as per the stipulations of the TDP) is it was tasked to deal with all matters related to workforce development and introduced strict control on the consolidated skills budget. The policy did not just introduce the legal framework but also introduced the Study Grant Regulations for Employees from all employment categories.

The challenges that were encountered was some employees are not attending skills audit processes and that implies they do not complete Personal Development Plans. They are not captured as beneficiaries in the Workplace Skills Plan and there are no budget allocations for the training. The Department has also under-budgeted for the trainings that are required to fill the identified skills gap. The internship programmes were introduced for the undergraduates in collaboration with Service Seta is still commencing in this financial year for 2019/2020.

The Municipality have registered employees with accredited Institutions of Higher Learning through Distance Learning and Block system. The other improvements that were made was that the Human Resources Development managed to enroll employees in Treasury Department in order to acquire “Minimum Competency Level”. The awareness on the legislative requirements was made to those who were earlier not declared competent and those that will be registering for the first time.

T 4.5.0

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2019	Number of skilled employees required and actual as at 30 June 2019											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year 2016/17	Actual: End of Year 2017/18	Year 2018/19 Target	Actual: End of Year 2016/17	Actual: End of Year 2017/18	Year 2018/19 Target	Actual: End of Year 2016/17	Actual: End of Year 2017/18	Year 2018/19 Target	Actual: End of Year 2016/17	Actual: End of Year 2017/18	Year 2018/19 Target
MM and s57	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	2	0	0	0	0	2	2	0	1	1	3	3	3
Councillors, senior officials and managers	Female	19	0	0	0	0	3	3	0	7	7	10	10	10
	Male	35	0	0	0	0	5	5	0	11	11	16	16	16
Technicians and associate professionals*	Female	6	0	0	0	0	2	2	0	2	2	4	4	4
	Male	23	0	0	0	0	3	3	0	3	3	6	6	6
Professionals	Female	9	0	0	0	0	2	2	0	2	2	4	4	4
	Male	11	0	0	0	0	1	1	0	1	1	2	2	2
Sub total	Female	189	0	0	0	0	7	7	0	3	3	10	10	10
	Male	393	0	0	0	0	6	6	0	6	6	6	6	6
Total		687	0	0	0	0	31	31	0	36	36	31	61	61

T 4.5.1

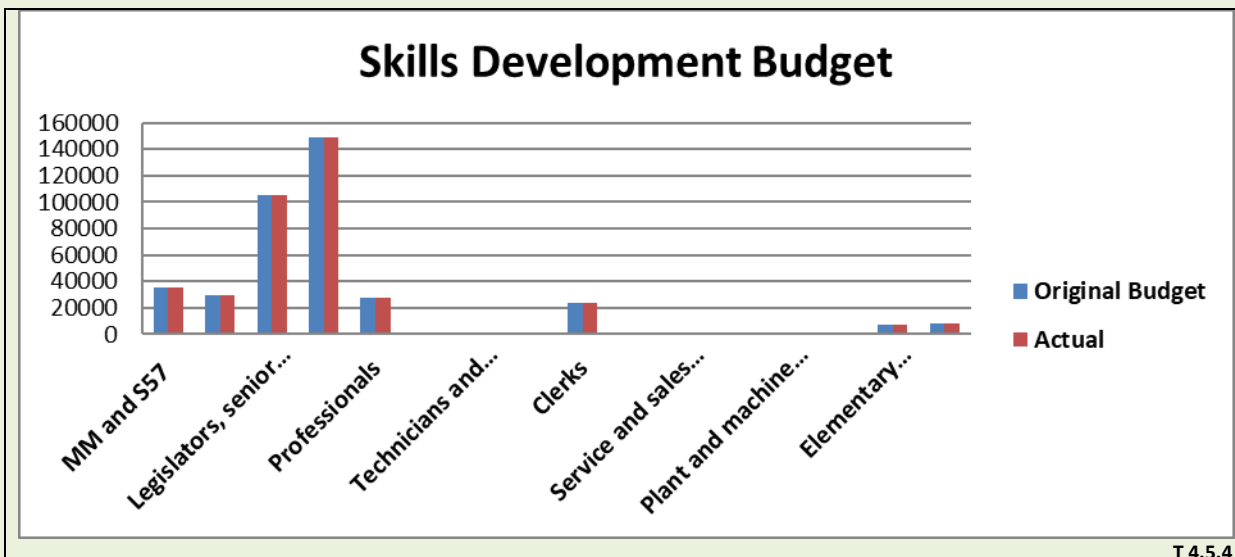
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Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	1	2	1	1	1
Chief financial officer	0	0	0	0	0	0
Senior managers	1	1	2	1	1	1
Any other financial officials	46	46	92	0	0	9
Supply Chain Management Officials	4	4	8	1	0	1
Heads of supply chain management units	1	1	2	1	1	1
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	53	53	106	4	3	13

Skills Development Expenditure											R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2018/2019								
			Learnerships		Skills programmes & other short courses		Other forms of training		Total		
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	
MM and S57	Female	0	0	0	0	0	35	35	35	35	
	Male	2					30	30	30	30	
Legislators, senior officials and managers	Female	19	0	0	32	32	73	73	73	73	
	Male	35	0	0	49	49	100	100	100	100	
Professionals	Female	6	0	0	0	0	28	28	28	28	
	Male	23	0	0	0	0	0	0	0	0	
Technicians and associate professionals	Female	19	0	0	0	0	0	0	0	0	
	Male	26	0	0	0	0	0	0	0	0	
Clerks	Female	52	0	0	0	0	24	24	24	24	
	Male	16	0	0	0	0	0	0	0	0	
Service and sales workers	Female	51	0	0	0	0	0	0	0	0	
	Male	62	0	0	0	0	0	0	0	0	
Plant and machine operators and assemblers	Female	0	0	0	0	0					
	Male	45	0	0	0	0	0	0	0	0	
Elementary occupations	Female	84	0	0	7	7	0	0	0	0	
	Male	248	0	0	9	9	0	0	0	0	
Sub total	Female	231	0	0	32	32	160	160	160	160	
	Male	456			49	49	130	130	130	130	
Total		687	0	0	81	81	290	290	290	290	
T4.5.3											

T4.5.3

Chapter 4



COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS

The Municipality has long embarked on the strategies to ensure that the Employees achieve minimum competency level as enshrined in the Regulation Municipal Finance Management Act. Challenges were encountered in the past whereby some Employees were not declared competency. The department of Treasury will be providing training for Financial Officials on the area of Supply Chain Management for the financial year 2018/2019 and 2019/2020.

In 2018/2019 senior managers were completed their Municipal Finance Management Programme in order to ensure that they are competent as per the registrations of the Municipal Finance Management Programme. The financial officials were also identified for the competency training for those employees who are still not developed are still to receive training, their training interventions are reflected within the 2019/2020 Workplace Skills Plan.

Section 4.5.1 of the Skills Matrix has total number of 687 employees inclusive of 33 councillors and 3 Municipal Finance Management Programme Treasury Interns; therefore, as a result the staff compliment does not tally because the financial year of reporting to the Local Government Sector Education and Training Authority is from 01 May 2018 to 30 April 2019 contrary to the financial year of the municipality. The discrepancies are as a result of attrition.

T 4.5.4

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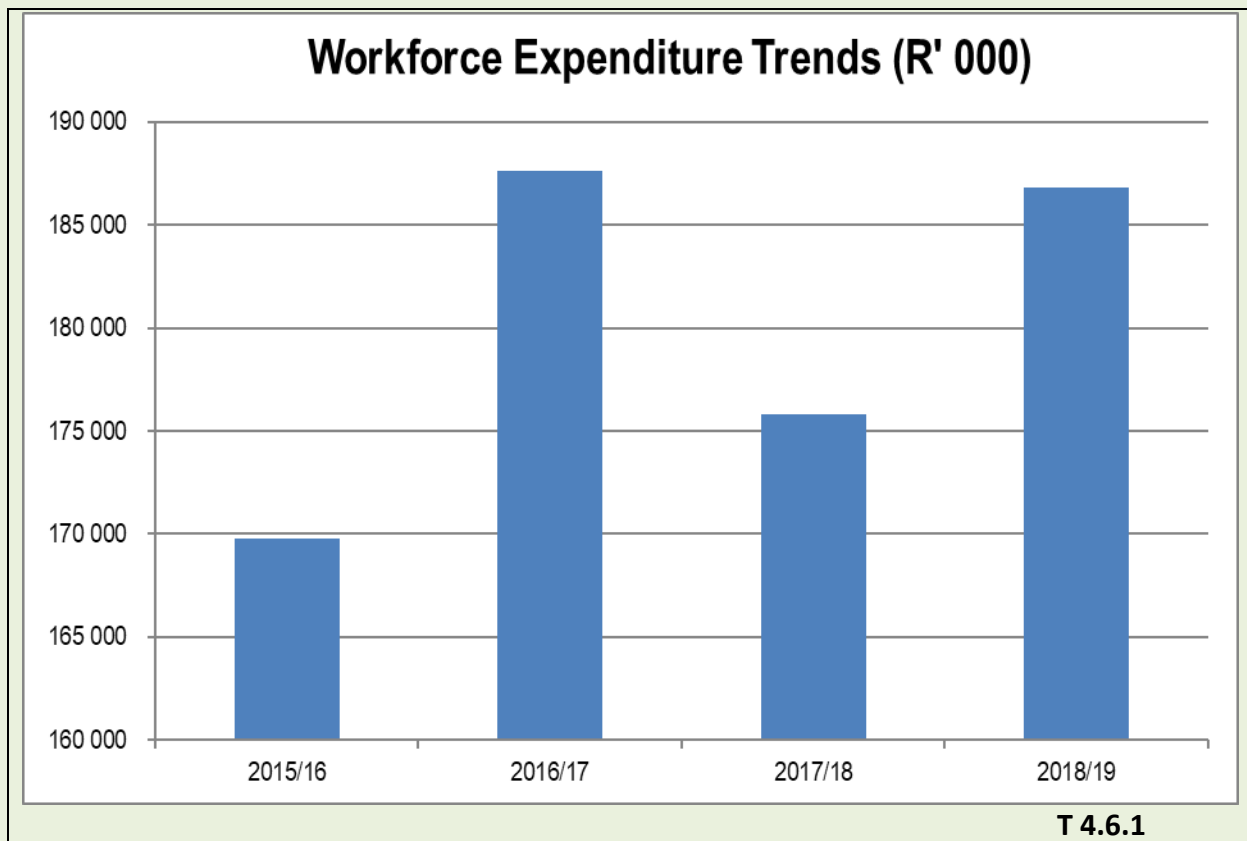
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

It is very important to manage workforce expenditure in accordance with the approved budget and failure to do so reflects poor planning. The Organisational Structure is in the process of review, since we cannot afford filling all vacant positions. The idea is to right size and/or downsize the structure through merging of functions. This will ensure an affordable structure. Currently critical vacancies and those as a result of attrition are prioritised to curb overspending

T 4.6.0

4.6 EMPLOYEE EXPENDITURE



Chapter 4

COMMENT ON WORKFORCE EXPENDITURE

The decrease from 2016/17 was due to a Medical Aid Actuarial Evaluation which results in the decrease of the overall workforce expenditure from 2016/2017 to 2017/2018, however the increase from 2017/2018 to 2018/2019 is due to the overall annual increase as per the collective agreements and upper limit notices issued.

T 4.6.1.1

Number of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	1
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	2
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		3

T 4.6.2

Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	0
None	0	0	0	0
None	0	0	0	0
None	0	0	0	0
None	0	0	0	0

T 4.6.3

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
Engineering	5	05 July 2015	1	CCMA Award
Engineering	5	01 September 2007	1	Post was existing in the previous structure
Engineering	2	15 March 2015	1	Promoted
Development Planning and Social Security	5	01 September 2007	1	Post was existing in the previous structure
Development Planning and Social Security	5	01 June 2013	1	Transferred
Treasury	6	01 March 2013	4	Positions were existing in the previous structure
Engineering	8	01 June 2013	2	Positions were existing in the previous structure
Office of the Municipal Manager	9	01 June 2013	1	Transferred
Engineering	1	Amalgamation	1	Positions were existing in the previous structure
Development Planning and Social Security	17	Amalgamation	1	Positions were existing in the previous structure
Development Planning and Social Security	9	Amalgamation	2	Positions were existing in the previous structure

T 4.6.4

Chapter 4

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

During the current financial year there were no positions which were upgraded at variance with normal practice. We only have those above stated as per previous financial years.

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

Disclosure of Financial Interest Forms are circulated on an annual basis for completion especially by Councillors and Senior Managers as required in terms of Legislation. The Disclosure of Interests submitted by Councillors and Senior Manager for the 2018/2019 financial year is captured in Appendix J for reference.

T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

No introduction provided.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

No introduction provided.

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Reconciliation of Table A1 Budget Summary															
Description	Year 2018/19											Year 2017/18			
R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	52 700	9 636	62 336			62 336	66 372		4 036	106%	126%				52 961
Service charges	195 758	15 450	211 209			211 209	178 270		(32 938)	84%	91%				167 135
Investment revenue	6 865	(2 988)	3 878			3 878	3 582		(296)	92%	52%				2 396
Transfers recognised - operational	186 710	(9 566)	177 144			177 144	178 184		1 040	101%	95%				162 806
Other own revenue	32 355	3 755	36 110			36 110	43 159		7 049	120%	133%				51 455
Total Revenue (excluding capital transfers and contributions)	474 388	16 288	490 677	-	-	490 677	469 567	-	(21 109)	96%	99%				436 753
Employee costs	230 279	(39 682)	190 597			190 597	187 092		(3 505)	98%	81%				175 808
Remuneration of councillors	-	12 948	12 948			12 948	13 350		402	103%					12 748
Debt impairment	252 082	-	252 082			252 082	104 984		(147 098)	42%	42%				78 138
Depreciation & asset impairment	2 740	3 024	5 764			5 764	226 647		220 883	3932%	8271%				176 926
Finance charges	110 961	(5 966)	104 995			104 995	9 266		(95 729)	9%	8%				6 998
Materials and bulk purchases	685	(367)	318			318	74 869		74 551	23511%	10928%				53 990
Transfers and grants	96 897	33 016	129 913			129 913	241		(129 672)	0%	0%				2 111
Other expenditure	693 645	2 974	696 618			696 618	614 408		(82 210)	88%	89%				61 398
Total Expenditure	1 387 290	5 947	1 393 237	-	-	1 393 237	1 230 858	-	(162 379)	88%	89%				568 117
Surplus/(Deficit)							116 964								83 997
Transfers recognised - capital	-	-	-			-									
Contributions recognised - capital & contributed assets			-			-									

Chapter 5

Surplus/(Deficit) after capital transfers & contributions															
Share of surplus/(deficit) of associate			-			-									
Surplus/(Deficit) for the year															
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital			-			-									
Public contributions & donations			-			-									
Borrowing			-			-									
Internally generated funds			-			-									
Total sources of capital funds															
Cash flows															
Net cash from (used) operating			-			-									
Net cash from (used) investing			-			-									
Net cash from (used) financing			-			-									
Cash/cash equivalents at the year end															

T 5.1.1

Chapter 5

Financial Performance of Operational Services						
						R '000
Description	Year 2017/18	Year 2018/19			Year 2018/19 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Electricity	64 686	97 383	96 430	8 152	-24,61%	-23,39%
Water	55 563	57 554	72 131	55 893	-2,97%	-29,05%
Waste water management	25 999	20 764	26 172	31 473	34,03%	16,84%
Waste management	50 643	39 261	48 713	37 771	-3,94%	-28,97%
Component A: sub-total	196 891	214 961	243 445	203 288	-5,74%	-19,75%
Road transport	177 368	271 867	263 079	51 170	-431,30%	-414,12%
Transport						
Component B: sub-total	177 368	271 867	263 079	51 170	-431,30%	-414,12%
Planning and development	6 183	10 594	8 703	6 798	-55,85%	-28,02%
Local Economic Development						
Component B: sub-total	6 183	10 594	8 703	6 798	-55,85%	-28,02%
Component C: sub-total	–	–	–	–		
Community and social services	6 074	7 644	5 692	4 751	-60,90%	-19,81%
Sport and recreation	9 799	11 618	8 163	7 797	-49,00%	-4,69%
Public safety	19 464	20 774	19 044	20 320	-2,24%	6,28%
Housing	9 153	18 394	16 276	9 531	-93,00%	-70,77%
Health	1 940	618	618	–		
Governance and administration	139 602	137 174	131 598	138 858	1,21%	5,23%
Component D: sub-total	186 032	196 223	181 391	181 257	-8,26%	-0,07%
Total Expenditure	566 475	693 645	696 618	442 513	-56,75%	-57,42%
						T 5.1.2

COMMENT ON FINANCIAL PERFORMANCE

No comment provided.

T 5.1.3

Chapter 5

5.2 GRANTS

Grant Performance						
R' 000						
Description	Year 2017/18	Year 2018/19			Year 2018/19 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	246 803	295 000	285 608	295 148		
Equitable share	157 656	183 319	173 927	173 927	94,88%	100%
Finance Management	1 700	1 700	1 700	1 700	100,00%	100%
Department of Water Affairs	30 000	50 000	50 000	58 500	117,00%	117%
Municipal Infrastructure Grant (MIG)	47 997	57 782	57 782	57 782	100,00%	100%
Other transfers/grants EPWP & INEG	9 450	2 199	2 199	3 239	147,29%	147%
Provincial Government:	–	–	–	–		
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
Other transfers/grants EPWP & INEG						
District Municipality:	–	–	–	–		
<i>[insert description]</i>						
Other grant providers:	–	–	–	–		
<i>[insert description]</i>						
Total Operating Transfers and Grants	246 803	295 000	285 608	295 148	100%	103%
T 5.2.1						

COMMENT ON OPERATING TRANSFERS AND GRANTS

The municipality has received grants and subsidies amounting to R295,148 million comprising of operating and capital grants. National Conditional Grants such as MIG, RBIG & etc. amounted to R120,181 million were fully utilized.

T 5.2.2

Chapter 5

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The management and effective utilization of property, plant and equipment is the prime mechanism by which a municipality can fulfil its constitutional mandates of delivery of sustainable services, social and economic development, promoting safe and healthy environments and providing the basic needs to the community.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2018/2019				
ASSET 1				
NAME	CLOCOLAN CONSTRUCTION OF 3 KM PAVED ROAD			
DESCRIPTION	PAVED ROAD			
ASSET TYPE	ROADS AND STORM WATER INFRASTRUCTURE			
KEY STAFF INVOLVED	PMU PERSONNEL AND ASSET MANAGEMENT PERSONNEL			
STAFF RESPONSIBILITIES	PROJECT MANAGEMENT AND RECORD MANAGEMENT FOR CAPITAL PROJECTS			
ASSET VALUE	2015/2016	2016/2017	2017/2018	2018/2019
			17 914 728,81	21 294 238,20

Chapter 5

CAPITAL IMPLICATIONS	MONETARY VALUE OF CAPITAL PROJECTS			
FUTURE PURPOSE OF ASSET	ROADS INFRASTRUCTURE ACCESS			
DESCRIBE KEY ISSUES	SERVICE DELIVERY TO COMMUNITY			
POLICIES IN PLACE TO MANAGE ASSET				
ASSET 2				
NAME	MATWABENG NEW INDOOR SPORT AND RECREATIONAL FACILITIES			
DESCRIPTION	COMMUNITY SPORT AND RECREATIONAL FACILITIES			
ASSET TYPE	COMMUNITY ASSET			
KEY STAFF INVOLVED	PMU PERSONNEL AND ASSET MANAGEMENT PERSONNEL			
STAFF RESPONSIBILITIES	PROJECT MANAGEMENT AND RECORD MANAGEMENT FOR CAPITAL PROJECTS			
ASSET VALUE	2015/2016	2016/2016	2017/2018	2018/2019
			16 771 210,00	17 522 562,00
CAPITAL IMPLICATIONS	MONETARY VALUE OF CAPITAL PROJECTS			
FUTURE PURPOSE OF ASSET	COMMUNITY ASSET			
DESCRIBE KEY ISSUES	SERVICE DELIVERY TO COMMUNITY			
POLICIES IN PLACE TO MANAGE ASSET				
ASSET 3				
NAME	UPGRADING OF VAN SOELEN OUTFALL SEWER PIPELINE (PHASE1)			
DESCRIPTION	SEWER PIPELINE			
ASSET TYPE	SANITATION ASSET			
KEY STAFF INVOLVED	PMU PERSONNEL AND ASSET MANAGEMENT PERSONNEL			
STAFF RESPONSIBILITIES	PROJECT MANAGEMENT AND RECORD MANAGEMENT FOR CAPITAL PROJECTS			
ASSET VALUE	2015/2016	2016/2016	2017/2018	2018/2019
			11 443 421,00	12 000 000,00
CAPITAL IMPLICATIONS	MONETARY VALUE OF CAPITAL PROJECTS			
FUTURE PURPOSE OF ASSET	SANITATION ASSET			
DESCRIBE KEY ISSUES	SERVICE DELIVERY TO COMMUNITY			
POLICIES IN PLACE TO MANAGE ASSET				
T 5.3.2				

COMMENT ON ASSET MANAGEMENT

No information provided.

T 5.3.3

Chapter 5

Repair and Maintenance Expenditure: 2018/2019				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	23 556	18 229	3 491	85,18%
				T 5.3.4

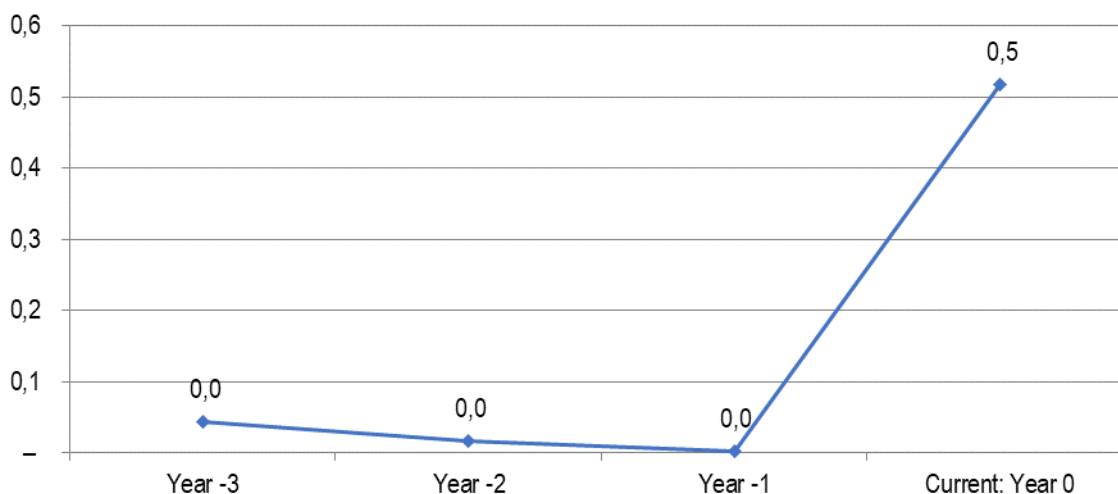
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

The variance on repairs and maintenance is 85% against the annual adjustment budget. This is a result that the municipality has financial difficulties whereby repairs were only performed on item that needed urgent attention.

T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Liquidity Ratio



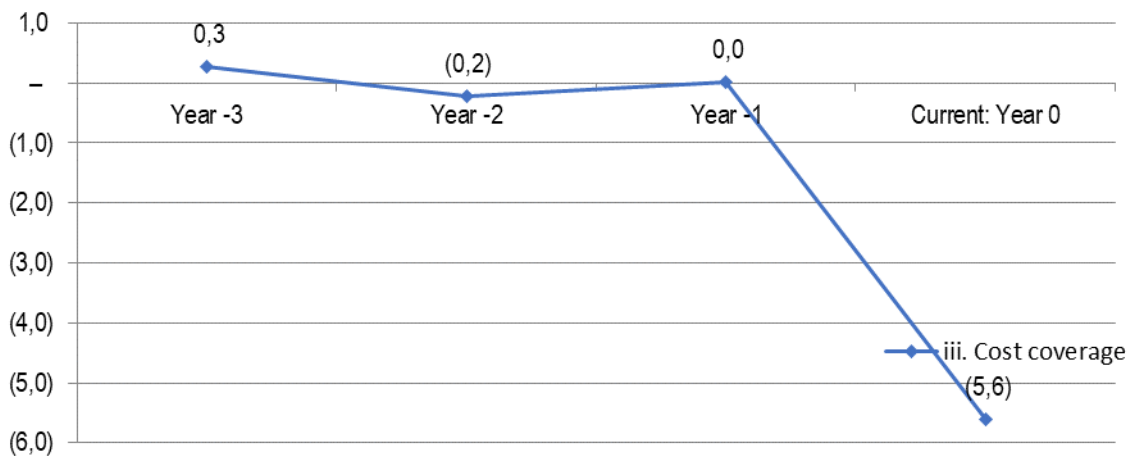
Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

T 5.4.1

Chapter 5

Cost Coverage



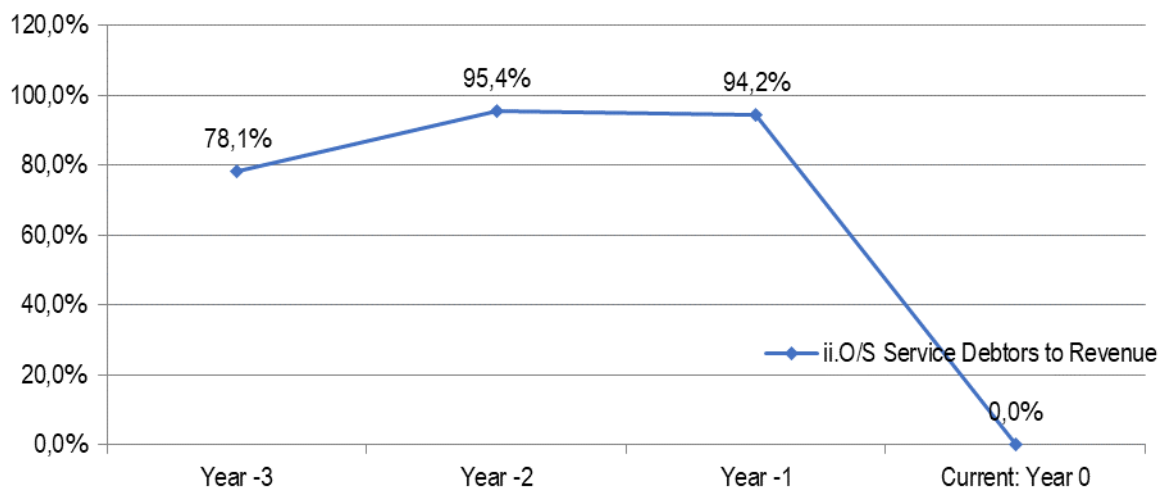
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

Chapter 5

Total Outstanding Service Debtors

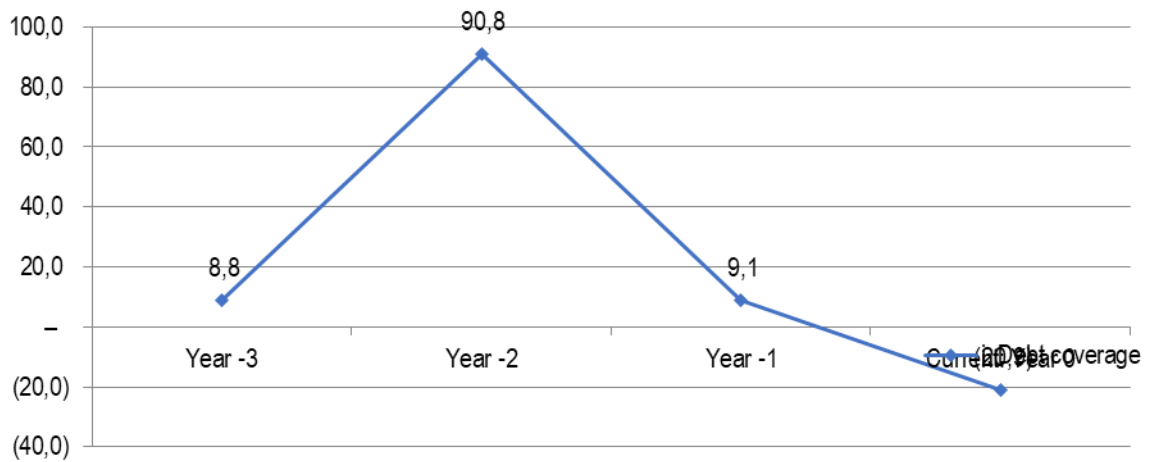


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

T 5.4.3

Chapter 5

Debt Coverage



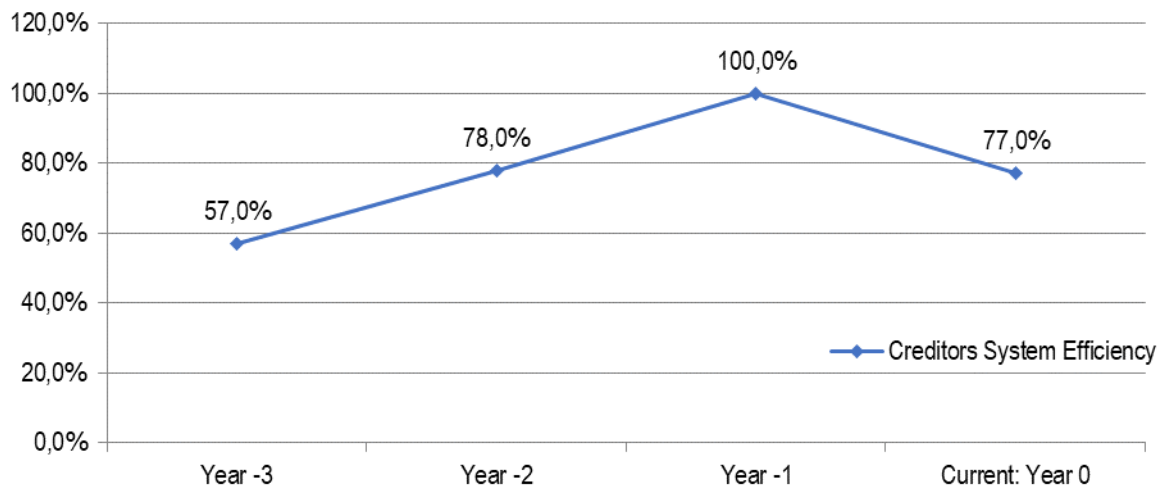
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Chapter 5

Creditors System Efficiency



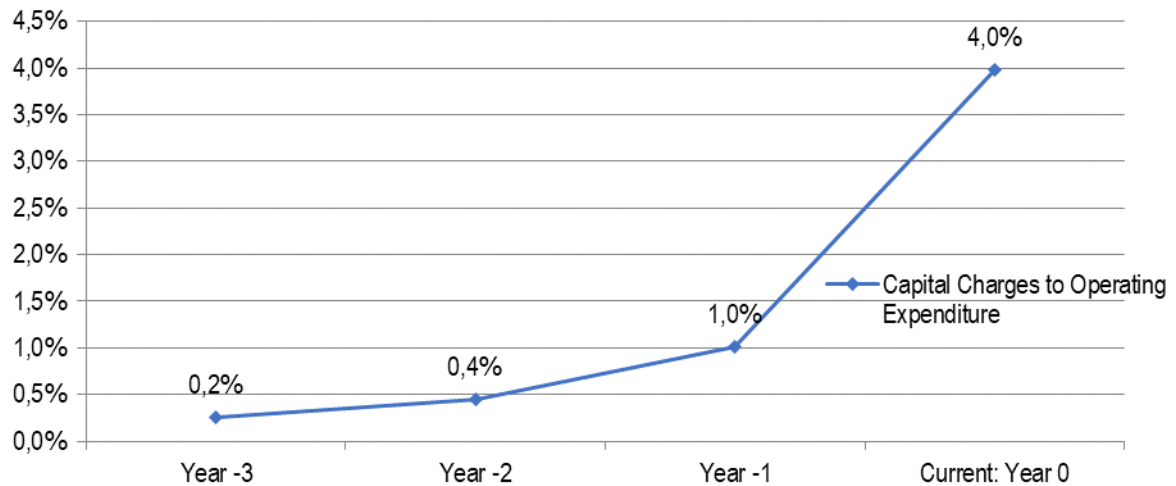
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Chapter 5

Capital Charges to Operating Expenditure



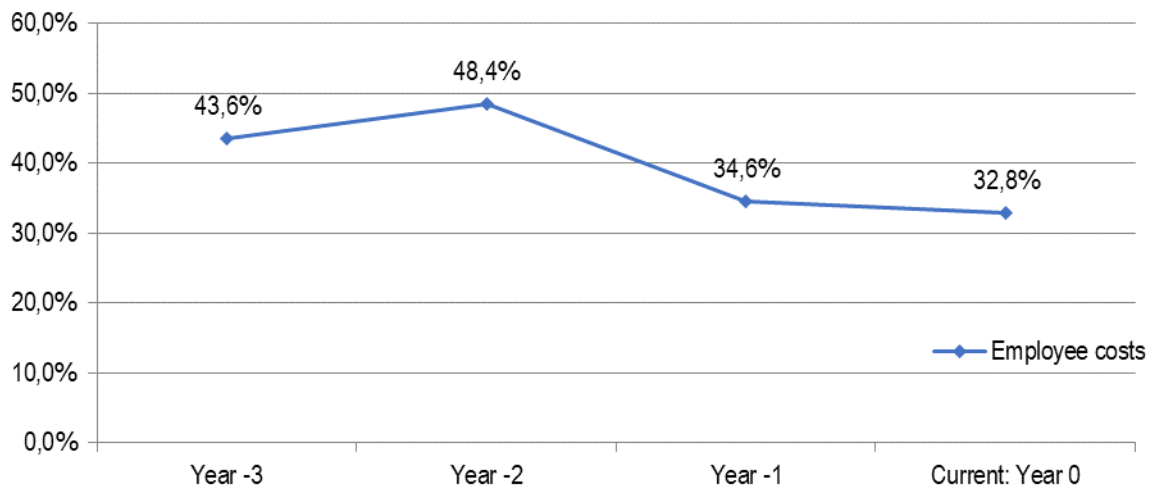
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Chapter 5

Employee Costs



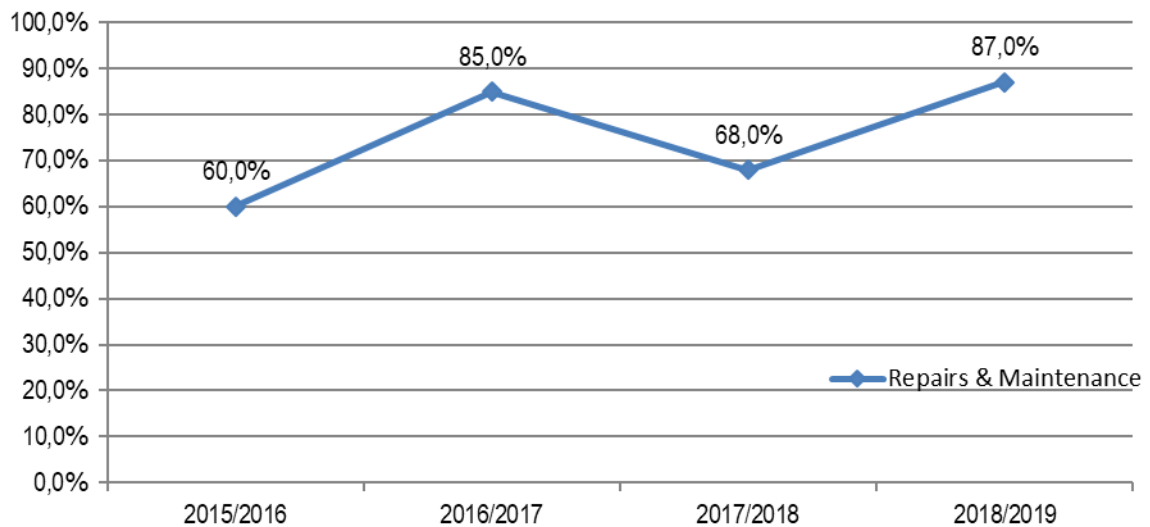
Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

Chapter 5

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

T 5.4.8

COMMENT ON FINANCIAL RATIOS:

The financial ratio's as presented above are within the norms set and indicates that the municipality can be regarded as a going concern.

T 5.4.9

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Information not provided.

T 5.5.0

Chapter 5

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2017/2018 to 2018/2019							R' 000
Details	2017/2018	2018/2019					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Source of finance							
External loans	-	-	-	-	0,00%	0,00%	
Public contributions and donations	-	-	-	-	0,00%	0,00%	
Grants and subsidies	-	101 466	101 406	70 902	-0,06%	-30,12%	
Other	-	28 254	48 061	-	70,10%	-100,00%	
Total	-	129 720	149 467	70 902	70,04%	-130,12%	
Percentage of finance							
External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
Grants and subsidies	0,0%	78,2%	67,8%	100,0%	-0,1%	23,1%	
Other	0,0%	21,8%	32,2%	0,0%	100,1%	76,9%	
Capital expenditure							
Water and sanitation	60 400	108 562	114 425	43 628	5,40%	-59,81%	
Electricity	5 362	6 630	18 284	10 922	175,78%	64,74%	
Housing	-	275	290	40	5,45%	-85,45%	
Roads and storm water	25 995	405	150	6 158	-62,96%	1 420,49%	
Other	28 291	13 848	16 378	10 154	18,27%	-26,68%	
Total	120 048	129 720	149 527	70 902	141,94%	1 313,29%	
Percentage of expenditure							
Water and sanitation	50,3%	83,7%	76,5%	61,5%	3,8%	-4,6%	
Electricity	4,5%	5,1%	12,2%	15,4%	123,8%	4,9%	
Housing	0,0%	0,2%	0,2%	0,1%	3,8%	-6,5%	
Roads and storm water	21,7%	0,3%	0,1%	8,7%	-44,4%	108,2%	
Other	23,6%	10,7%	11,0%	14,3%	12,9%	-2,0%	
							T 5.6.1

COMMENT ON SOURCES OF FUNDING

The municipality's capital expenditure is mainly financed through grants and subsidies (RBIG, MIG, INEG & WSIG) and own funding. Most of the capital expenditure is for the acquisition of infrastructure and service delivery items. Since capital expenditure is financed by conditional grants, the municipality strive to ensure that the budget is implemented accordingly to avoid roll over of grants or future stopping of allocation of grants to the municipality.

T 5.6.1.1

Chapter 5

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Information not provided.

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Introduction not provided.

T 5.8.1

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The cash flow and investment portfolio are highlighted below and cognizance needs to be taken of the cash flow situation of the municipality.

T 5.9

Chapter 5

5.9 CASH FLOW

Cash Flow Outcomes				
				R'000
Description	Year 2017/18	Current: Year 2018/19		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	150 796	251 636	205 797	163 198
Government - operating	162 806	188 291	165 550	178 184
Government - capital	83 997	105 364	108 464	116 964
Interest	2 396	31 790	(13 778)	3 582
Dividends	51	37	–	60
Payments				
Suppliers and employees	(313 997)	(438 137)	(341 431)	(304 829)
Finance charges	(6 998)	(2 740)	(5 764)	(9 266)
Transfers and Grants	(2 111)	(685)	(318)	(241)
NET CASH FROM/(USED) OPERATING ACTIVITIES	76 941	135 518	118 520	147 652
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	643	1 533	1 533	189
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	(386)	(386)	–
Decrease (increase) in non-current investments	(268)	(82 231)	(82 231)	(243)
Payments				
Capital assets	(99 118)	38 389	38 389	(111 759)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(98 743)	(42 695)	(42 695)	(111 813)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	20 099	–	–	–
Borrowing long term/refinancing	–	7 790	7 790	–
Increase (decrease) in consumer deposits	–	402	402	–
Payments				
Repayment of borrowing	–	(5 865)	(5 865)	(6 831)
NET CASH FROM/(USED) FINANCING ACTIVITIES	20 099	2 326	2 326	(6 831)
NET INCREASE/ (DECREASE) IN CASH HELD	(1 703)	95 149	78 151	29 008
Cash/cash equivalents at the year begin:	2 081			378
Cash/cash equivalents at the yearend:	378	95 149	78 151	29 386
				T 5.9.1

COMMENT ON CASH FLOW OUTCOMES

The municipality is going through financial distress whereby it cannot pay creditors within the stipulated timeframe. The balance on cash and cash equivalents, mainly the primary bank account was always not satisfactory. The municipality had to make arrangements with the creditors for payments.

T 5.9.1.1

Chapter 5

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

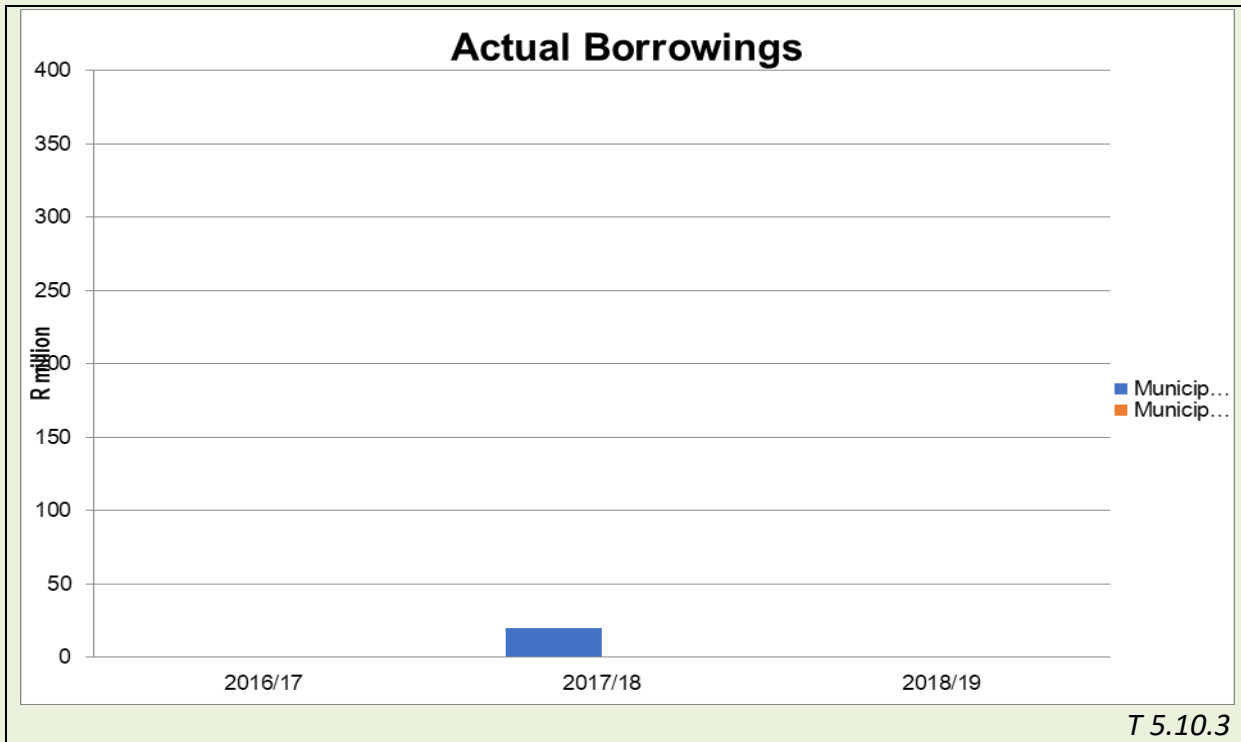
Comment not provided.

T 5.10.1

Actual Borrowings: 2016/17 to Year 2018/19			
	R' 000		
Instrument	2016/17	2017/18	2018/19
Municipality			
Long-Term Loans (annuity/reducing balance)	0	20	0
Long-Term Loans (non-annuity)	0	0	0
Local registered stock	0	0	0
Instalment Credit			
Financial Leases	0	0	0
PPP liabilities	0	0	0
Finance Granted By Cap Equipment Supplier	0	0	0
Marketable Bonds	0	0	0
Non-Marketable Bonds	0	0	0
Bankers Acceptances	0	0	0
Financial derivatives	0	0	0
Other Securities	0	0	0
Municipality Total	0	20	0
Municipal Entities			
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)	0	0	0
Local registered stock	0	0	0
Instalment Credit	0	0	0
Financial Leases	0	0	0
PPP liabilities	0	0	0
Finance Granted By Cap Equipment Supplier	0	0	0
Marketable Bonds	0	0	0
Non-Marketable Bonds	0	0	0
Bankers Acceptances	0	0	0
Financial derivatives	0	0	0
Other Securities	0	0	0
Entities Total	0	0	0

T 5.10.2

Chapter 5



Municipal and Entity Investments				R' 000
Investment* type	2016/17	2017/18	2018/19	
	Actual	Actual	Actual	
Municipality				
Securities - National Government	-	-	-	-
Listed Corporate Bonds	-	-	-	-
Deposits - Bank	-	-	-	-
Deposits - Public Investment Commissioners	-	-	-	-
Deposits - Corporation for Public Deposits	-	-	-	-
Bankers' Acceptance Certificates	902 186	29 245	26 767 326	
Negotiable Certificates of Deposit - Banks	-	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-	-
Repurchase Agreements - Banks	-	-	-	-
Municipal Bonds	-	-	-	-
Other	3 211 861	3 479 855	3 723 058	
Municipality sub-total	4 114 047	3 509 100	30 490 384	
Municipal Entities				
Securities - National Government	-	-	-	-
Listed Corporate Bonds	-	-	-	-
Deposits - Bank	-	-	-	-
Deposits - Public Investment Commissioners	-	-	-	-
Deposits - Corporation for Public Deposits	-	-	-	-
Bankers' Acceptance Certificates	-	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-	-
Repurchase Agreements - Banks	-	-	-	-
Other	-	-	-	-
Entities sub-total	-	-	-	-
Consolidated total:	4 114 047	3 509 100	30 490 384	T 5.10.4

Chapter 5

COMMENT ON BORROWING AND INVESTMENTS

Comment not provided.

T 5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The municipality does not have any private partnerships.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The Supply Chain Management function exists to facilitate the needs of the municipality through the MFMA and associated legislations. The activity starts off annually with a procurement plan through the different procurements requirements and with that the achievement of wider departmental and institutional goals tied to different performance and service delivery and budget implementation plans. The function is mainly a supporting function.

Supply Chain Management processes are being updated on ongoing basis to ensure better compliance with the Municipal Finance Management Act, 56 of 2003 and the Regulations issued under the Act. The policy was reviewed during the 2017/2018 financial year.

Other policies are aligned to supply chain processes and will assist to all guide all Supply Chain Management role-players relative to sections 47 and 48 of the Municipal Finance Management Act, 56 of 2003 Regulation. No Councillors serve on any Supply Chain Management Committee.

A total of twenty full bids and thirty-one formal written quotations were processed during the year under review. The average turnaround time on the awarding of bids remains two months from date of advert to appointment. Deviations from Supply Chain Management Policy are compiled and reported to council. In the limited number of cases where this occurred, it was for justifiable reasons. Our Supply Chain Management Policy is deemed to be fair, equitable, transparent, competitive and cost effective and comply with prescribed regulatory for Municipal Supply Chain Management as participation to our processes are from all corners of the country.

T 5.12.1

Chapter 5

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications. All financial transactions within the municipality and reporting complies with GRAP standards.

T 5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2017/2018

6.1 AUDITOR GENERAL REPORTS 2018/2019

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS 2018/2019

1. Report of the auditor-general to the Free State Legislature and the council on the Setsoto Local Municipality

Report on the audit of the financial statements

Qualified opinion

I have audited the financial statements of the Setsoto Local Municipality set out on pages 8 to 88, which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Setsoto Local Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

Basis for qualified opinion

Property plant and equipment

The municipality did not recognise all items of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment* as assets still in use were incorrectly written off. Consequently, property, plant and equipment was understated and the total expenditure was overstated by R496 324 822. Additionally, I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to the status of the accounting records as I could not confirm that the municipality only recognised assets under their control in the fixed assets register. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment stated at R2 483 731 590 (2018: R3 145 203 126) in note 11 to the financial statements.

Service charges

I was unable to obtain sufficient appropriate audit evidence for service charges as the municipality did not have adequate systems in place to account for the billing of service. I was unable to confirm the service charges by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to service charges stated at R178 270 347 in note 22 to the financial statements.

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Receivables from non-exchange transactions

I was unable to obtain sufficient appropriate audit evidence for sundry debtors as the municipality did not have adequate systems in place to account for the sundry debtors. I was unable to confirm the sundry debtors by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to sundry debtors stated at R6 812 522 in note 7 to the financial statements.

Context for the opinion

I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

I draw attention to the matter below. My opinion is not modified in respect of this matter.

Note 53 to the financial statements indicates that the municipality incurred a net loss of R644 326 365 during the year ended 30 June 2019. The municipality deducted pay as you earn from employee's salaries, but did not pay over R12 654 718 (2018 R14 976 672) of these amounts deducted to the relevant third parties at year end as disclosed in note 16. In addition, the municipality owed Eskom R25 110 583 (2018: R15 478 508) as at 30 June 2019 which was long overdue. These events or conditions, along with other matters set forth in note 53, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

I draw attention to the matters below. My opinion is not modified in respect of these matters.

Irregular expenditure

As disclosed in note 46 to the financial statements, irregular expenditure of R76 933 103 (2018: R98 765 998) was incurred due to non-compliance with supply chain management (SCM) requirements.

Unauthorised expenditure

As disclosed in note 44 to the financial statements, unauthorised expenditure of R616 848 443 (2018: R17 301 739) was incurred, due to overspending a main division within the vote.

Fruitless and wasteful expenditure

Chapter 6

As disclosed in note 45 to the financial statements, fruitless and wasteful expenditure of R2 979 591 (2018: R3 350 092) was incurred, mainly due to interest on arrear payments to creditors.

Restatement of corresponding figures

As disclosed in note 57 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2019.

Material uncertainty relating to claims against the municipality

With reference to note 54 to the financial statements, the municipality is the defendant in various lawsuits. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result were made in the financial statements.

Material losses

As disclosed in note 48 to the financial statements, material water distribution losses of R15 342 187 (2018: R7 044 679) and electricity distribution losses of R8 928 564 (2018: R2 871 219) were incurred by the municipality mainly due to leakages, burst water pipes, line losses, tampering and theft.

Material impairment

As disclosed in note 5 to the financial statements, consumer receivables was impaired by R176 469 525 (2018: R157 730 763).

Other matter

I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion on it.

Unaudited supplementary schedules

The supplementary information set out on pages 89 to 91 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on thereon.

Responsibilities of the accounting officer for the financial statements

The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the Setsoto Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Chapter 6

Auditor-general's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for the selected key performance area (KPA) presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected KPA presented in the annual performance report of the municipality for the year ended 30 June 2019:

KPA	Pages in the annual performance report
KPA 1 – basic service delivery and infrastructure	47– 187

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete. The material findings in respect of the usefulness and reliability of the selected KPA are as follows:

Percentage of unplanned water interruptions and sewer blockages complaints/callouts responded to within required timeframe

The reported achievement of 100% for the target of 100% is not reliable as the municipality did not maintain adequate records to enable reliable reporting on the achievement of targets. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances while in other cases the supporting evidence provided did not agree with the reported achievement. Based on the supporting evidence that was provided, the achievement was 88%, but I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

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Various indicators

The reported achievement in the annual performance report did not agree with the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators were as follows.

Indicator description	Reported achievement	Audited value
Km of re-gravelled	30 108	102.57
Percentage of sewer network infrastructure maintained	100%	90%

Various indicators

The source information or evidence for achieving the following planned indicators were not clearly defined:

Section	Indicator description
Electricity	Percentage unplanned outages restored within required timeframe
Water and Waste water Operations and Maintenance services	Percentage of unplanned water interruptions and sewer blockages complaints/callouts responded to within required timeframe
Development Planning and Social Security	Percentage protest complaints reported and resolved within required timeframe
Development Planning and Social Security	Percentage firefighting, disaster and emergencies incidents attended to within the required timeframe
Local Economic Development and Tourism	Percentage business license applications and permits processes and approved within the required timeframe
Waste Management	Percentage external and internal audit queries responded to and addressed within timeframe
Security Services and Property Management	Percentage external and internal audit queries responded to and addressed within timeframe
Disaster Management and Fire Services	Percentage external and internal audit queries responded to and addressed within timeframe
Local Economic Development and Tourism	Percentage external and internal audit queries responded to and addressed within timeframe.
Planning and Property Management	Number of illegal land use reports

Various indicators

The indicators listed below were approved in the service delivery and budget implementation plan (SDBIP) but were not included in the annual performance report.

Indicator description	Planned target
Percentage of road infrastructure network maintained	100%
Percentage protest complaints reported and resolved within required timeframe	100%
Percentage firefighting, disaster and emergencies incidents attended to within the required timeframe	100%
Percentage of household with subsidized housing	70%

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Other matters

I draw attention to the matters below.

Achievement of planned targets

Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 30 to 33 of this report.

Adjustment of material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 1 – basic service delivery and infrastructure. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements, performance and annual report

The financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA. The financial statements were not submitted to the Auditor-General within two months after the end of the financial year and a written explanation setting out the reasons for the failure was not tabled in council as required by section 133(1)(a) of the MFMA.

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA. Reasonable steps were not taken to prevent irregular expenditure of R76 933 103 as disclosed in note 46 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the SCM requirements.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R2 979 591, disclosed in note 45 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties levied by creditors.

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Reasonable steps were not taken to prevent unauthorised expenditure amounting to R616 848 443, disclosed in note 44 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by depreciation on revalued assets.

Revenue management

An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Procurement and contract management

Goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c). Similar non-compliance was reported in the previous year. Some quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was reported in the previous year.

Some quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was reported in the previous year. Some goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was reported in the previous year.

Some invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2). This non-compliance was identified in the procurement processes for the upgrading of the wastewater treatment works in Clocolan (T03 2018/19) and the conversion of 969 VIP toilets (T04 2018/19).

Contracts were awarded to bidders based on pre-qualification criteria that differed from those stipulated in the original invitation for bidding, in contravention of the 2017 preferential procurement regulation 4(1) and 4(2). This non-compliance was identified in the procurement processes for the construction of 500mm diameter pump line from DE-PUT water treatment works in Senekal/Matwabeng (T17 2018/19) and the construction of a 11ml reinforced concrete reservoir in Senekal (T18 2018/19).

Asset management

An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Human resources management

Appropriate systems and procedures to monitor, measure and evaluate staff performance were not developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act.

Strategic planning and performance management

The internal controls processes relating to the performance monitoring, measurement, review and reporting were not adequately performed, as required by municipal planning and performance management regulation 7(1).

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Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected KPA presented in the annual performance report that have been specifically reported in this auditor's report.

My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPA presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, findings on the annual performance report and the findings on compliance with legislation included in this report.

In certain circumstances, management did not exercise oversight, to ensure that accurate and reliable information is submitted on time, as there were material misstatements in the financial statements and annual performance report that required adjustments during the audit.

Leadership did not adequately address the root causes of irregular expenditure identified in the previous year's resulting in irregular expenditure again in the current financial year.

Management did not adequately review and monitor compliance with legislation as there were material repeat findings on compliance identified in the current financial year.

Management did not implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance for junior employees is monitored. There were significant vacancies of key management as well as support staff in the finance and SCM units during the financial year.

Bloemfontein
06 December 2019



Chapter 6

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected KPA and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control,

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control; evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

Conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Setsoto Local Municipality’s ability to continue as a going concern.

If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

T 6.1

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Audit Action Plan									
Functional Area	Audit Finding for the financial year ended 30 June 2017	Audit Finding for the financial year ended 30 June 2018	Audit Finding for the financial year ended 30 June 2019	Root-Cause	Remedial Actions - Intervention to correct	Remedial Actions - Action/Activities	Completion date	Responsible Manager	Responsible Head of Department
Qualification Matters	None.	None.	The municipality did not recognise all items of property, plant and equipment in accordance with GRAP 17, <i>Property, plant and equipment</i> as assets still in use were incorrectly written off. Consequently, property, plant and equipment was understated and the total expenditure was overstated by R496 324 822. Additionally, I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to the status of the accounting records as I could not confirm that the municipality only recognised assets under their control in the fixed assets register. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment stated at R2 483 731 590 (2018: R3 145 203 126) in note 11 to the financial statements.	Understating of road assets and depreciation	A request has been sent to our financial management system service provider (Munsoft) to reverse the assets that were incorrectly written off.	All the assets that were incorrectly written off will be reversed and brought back in the asset register, and the relevant journals will be processed on the General Ledger to reflect the reversals.	28-Feb-20	Asset Manager	Chief Financial Officer
Qualification Matters	None.	None.	I was unable to obtain sufficient appropriate audit evidence for service charges as the municipality did not have adequate systems in place to account for billing of services. I was unable to confirm the service charges by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to service charges stated at R178 270 347 in note 22 to the financial statements.	Lack of monitoring of procedures. Broken/damaged and covered meters. Non reading of meters	Critical Vacancies were filled late in the financial year and will ease the pressure and ensure constant monitoring of procedures. Filling of vacant meter reader positions. Consequence management to be implemented.	Monthly monitoring of deviation report on meter reading and ensuring that all meters are read. Non-read meters will be read in February 2020 and May 2020. Quarterly review of valuation roll.	30-Jun-20	Manager Revenue	Chief Financial Officer
Qualification Matters	None.	None.	I was unable to obtain sufficient appropriate audit evidence for sundry debtors as the municipality did not have adequate systems in place to account for the sundry debtors. I was unable to confirm the sundry debtors by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to sundry debtors stated at R6 812 522 in note 7 to the financial statements.	Insufficient historical documentation on sundry debtors	Obtain Council resolution to write off the debt after compiling a report	To submit report to council	30-Jun-20	Manager Revenue	Chief Financial Officer

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Audit Action Plan								
Restatement of corresponding figures	As disclosed in note 54 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2017.	As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2018	As disclosed in note 57 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2019.	(a) A proper review not being done of the financial statements before submission for audit purpose (b) Supporting schedules not kept for amounts disclosed in the financial statements	Review to be done with compilation of AFS. Supporting schedules will be kept to substantate amounts.	Review to be done with compilation of AFS. Supporting schedules will be kept to substantate amounts.	14-Aug-20	Manager Budget and Financial Reporting Chief Financial Officer
Material impairments	As disclosed in note 5 to the financial statements, consumer debtors were impaired by R165 119 394 (2016: R148 406 865), which the municipality deemed would not be recoverable from debtors.	As disclosed in note 5 to the financial statements, consumer receivables were impaired by R157 730 761 (2017: R165 119 394).	As disclosed in note 5 to the financial statements, consumer receivables was impaired by R176 469 525 (2018: R157 730 763).	Historic culture of non-payment. Revenue strategy is not yielding the expected results	Extract the prescript list from the system and hand it to the litigation.	Constantly engaging with the litigator and monitoring of internal debt collections. Effectively implement revenue enhancement strategy	30-Jun-20	Manager Revenue Chief Financial Officer
	None.	As disclosed in note 48 to the financial statements, material water distribution losses of R7 044 679 (2017: R3 747 572) were incurred, which represents 26% (2017: 11%) of the total water purchased. These estimated water losses included distribution to townships with unmetered water.	As disclosed in note 48 to the financial statements, material water distribution losses of R15 342 187 (2018: R7 044 679) and electricity distribution losses of R8 928 564 (2018: R2 871 219) were incurred by the municipality mainly due to leakages, burst water pipes, line losses, tampering and theft.	Deteriorating and ageing network together with own consumption	Installation of meters at premissis where own usage are consumed. Repairs and maintenance of infrastructure to reduce losses	Speedup of installing meters. To secure additional funds	30-Jun-20	Manager Water & Sewer Operation and Maintenance and Manager Electricity Director Engineering Services

Chapter 6

Audit Action Plan									
Going concern	Note 53 to the financial statements indicates that the municipality incurred a net deficit of R124 580 991. The municipality owed Eskom R28 919 532 as at 30 June 2017 of which R13 088 931 was overdue. These conditions, along with other matters set forth in note 53, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to continue as a going concern and to achieve its service delivery objectives as outlined in the annual performance plan.	I draw attention to note 53 to the financial statements, which indicates that the municipality incurred a net loss of R47 060 412 during the year ended 30 June 2018. As stated in note 53, these events or conditions, along with other matters as set forth in note 53, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.	Note 53 to the financial statements indicates that the municipality incurred a net loss of R644 326 365 during the year ended 30 June 2019. The municipality deducted pay as you earn from employee's salaries, but did not pay over R12 654 718 (2018 R14 976 672) of these amounts deducted to the relevant third parties at year end as disclosed in note 16. In addition, the municipality owed Eskom R25 110 583 (2018: R15 478 508) as at 30 June 2019 which was long overdue. These events or conditions, along with other matters set forth in note 53, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.	Correction of assets verification process contribute mainly to material loss.	To review revenue enhancement strategy by aligning it with the debt collection policies in order to improve the financial position of the municipality	Implementation of revenue enhancement strategy to improve the financial position of the municipality	30-Jun-20		Chief Financial Officer
Irregular expenditure	As disclosed in note 46 to the financial statements, irregular expenditure of R32 972 664 (2016: R2 188 129) was incurred during the year, mainly due to the correct supply chain management (SCM) processes that had not been followed. In addition the full extent of irregular expenditure is still in the process of being determined.	As disclosed in note 46 to the financial statements, irregular expenditure of R98 765 998 (2017: R32 972 664) was incurred, mainly due to non-compliance with supply chain management (SCM) requirements.	As disclosed in note 46 to the financial statements, irregular expenditure of R76 933 103 (2018: R98 765 998) was incurred due to non-compliance with supply chain management (SCM) requirements.	Non-compliance with supply chain management (SCM) requirements	To review the tender documents and provide suitable training to scm employees and develop a check list for scm.	Enhanced monitoring of SCM processes and prescriptions where applicable.	30-Jun-20	Manager SCM	Chief Financial Officer

Chapter 6

Audit Action Plan									
Unauthorised expenditure	As disclosed in note 44 to the financial statements, unauthorised expenditure of R245 531 480 was incurred during the year. This was due to overspending on the budget as a result of non-cash items, mainly depreciation charges on property, plant and equipment.	As disclosed in note 44 to the financial statements, non-budgeted expenditure of R17 301 739 (2017: R245 531 480) was incurred during the year under review and previous year, which resulted in unauthorised expenditure.	As disclosed in note 44 to the financial statements, unauthorised expenditure of R616 848 443 (2018: R17 301 739) was incurred, due to overspending a main division within the vote.	Controls not effectively utilized	Review controls	Compiling working sheet as evidence to the unauthorised amount.	30-Jun-20	Manager Budget and Financial Reporting	Chief Financial Officer
Fruitless and wasteful expenditure	None.	As disclosed in note 45 to the financial statements, fruitless and wasteful expenditure of R3 350 092 (2017: R1 188 124) was incurred mainly due to interest on arrear payments to creditors.	As disclosed in note 45 to the financial statements, fruitless and wasteful expenditure of R2 979 591 (2018: R3 350 092) was incurred, mainly due to interest on arrear payments to creditors.	Cashflow challenges faced by the municipality	Enhancement of revenue strategy.	Constantly implement credit and debt collection policy. Monitoring of internal debt collections.	30-Jun-20	Manager Expenditure	Chief Financial Officer
Predetermined Objectives	None.	I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 245%. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 245% as reported in the annual performance report.	The reported achievement in the annual performance report did not agree with the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators were as follows:-Km of re-gravelled and Percentage of sewer network infrastructure maintained.	No proper record was done	Continuous monitoring to be implemented and proper record management upheld	Submission of monthly, quarterly and annual reports	30-Jun-20	Manager IDP	Municipal Manager

Chapter 6

Audit Action Plan									
Predetermined Objectives	None.	None.	The indicators listed below were approved in the service delivery and budget implementation plan (SDBIP) but were not included in the annual performance report.	No proper record was done	Continuous monitoring to be implemented and proper record management upheld	Submission of monthly, quarterly and annual reports	30-Jun-20	Manager IDP	Municipal Manager
Predetermined Objectives	None.	The source information or evidence for achieving the following planned indicators was not clearly defined:	The source information or evidence for achieving the eleven planned indicators were not clearly defined.	Directors and Managers submitting indicators in the SDBIP that are not well-defined	Manager IDP to assist in ensuring that indicators are well defined and consistent between the planning documents and reported information	Continuous monitoring of quarterly reports	30-Jun-20	Manager IDP	Municipal Manager
Financial statements, performance reports and annual reports	None.	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets, non current liabilities, current liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.	(a) A proper review not being done of the financial statements before submission for audit purpose (b) Supporting schedules not kept for amounts disclosed in the financial statements	Review to be done with compilation of AFS. Supporting schedules will be kept to substantiate amounts.	Review of AFS to be done by independent person. Systematic controls activate to assist with monthly controls.	14-Aug-20	Manager Budget and Financial Reporting	Chief Financial Officer

Chapter 6

Audit Action Plan									
	None.	None.	The financial statements were not submitted to the Auditor-General within two months after the end of the financial year and a written explanation setting out the reasons for the failure was not tabled in council as required by section 133(1)(a) of the MFMA.	Delay in the valuation process in respect of assets	Timely request and appointment of reviewers and external service providers	Timely appointment of external service provider with outsourced tasks	31-Mar-20	Manager Budget and Financial Reporting	Chief Financial Officer
	None.	None.	The financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.	Delay in the valuation process in respect of assets	Timely request and appointment of reviewers and external service providers	Timely appointment of external service provider with outsourced tasks	31-Mar-20	Manager Budget and Financial Reporting	Chief Financial Officer
Expenditure management	Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA	Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	The above-mentioned suppliers not being paid within 30 days is as a result of cash flow difficulties experienced by the municipality to ensure that payments are made within the prescribed period.	Management of cash outflow and inflow by all Directorates in Setsoto Municipality	Vigorous management of purchases, effective implementation of revenue enhancement and cost containment strategies. For the month of December 2019, 57% creditors were paid within 30 days	On-going	Manager Expenditure	Chief Financial Officer
Expenditure management	Effective steps were not taken to prevent irregular expenditure amounting to R32 972 664, as disclosed in note 46 to the financial statements, as required by section 62(1)(d) of the MFMA.	Reasonable steps were not taken to prevent irregular expenditure amounting to R49 637 497 as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. Most of the irregular expenditure was caused by non-compliance with SCM regulations mainly in respect of instances where the bid committee did not comply to the composition requirement and where the conditions of local content have not been adhered too.	Reasonable steps were not taken to prevent irregular expenditure of R76 933 103 as disclosed in note 46 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the SCM requirements.	Non-compliance with supply chain management (SCM) requirements	To review the tender documents and provide suitable training to scm employees and develop a check list for scm.	Enhanced monitoring of SCM processes and prescriptions where applicable.	30-Jun-20	Manager SCM	Chief Financial Officer

Chapter 6

Audit Action Plan									
Expenditure management	Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 188 124, as disclosed in note 45 to the financial statements, as required by section 62(1)(d) of the MFMA.	Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R3 350 092 as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. Most of the disclosed irregular expenditure was caused by interest and penalties.	Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R2 979 591, disclosed in note 45 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties levied by creditors.	Cashflow challenges faced by the municipality	Management of cash outflow and inflow by all Directorates in Setsoto Municipality	Vigorous management of purchases, effective implementation of revenue enhancement and cost containment strategies.	On-going	Manager Expenditure	Chief Financial Officer
	None.	None.	Reasonable steps were not taken to prevent unauthorised expenditure amounting to R616 848 443, disclosed in note 44 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by depreciation on revalued assets.	Correction of assets verification process.	Submission of adjustment budget during June / July 2020 in order to curb unauthorise expenditure	Submission of adjustment budget during June / July 2020 in order to curb unauthorise expenditure	15-Jun-20	Manager Budget and Financial Reporting	Chief Financial Officer
Revenue management	None.	An effective system of internal control for revenue, as required by section 64(2)(f) of the MFMA, was not in place.	An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.	Shortage of staff in the Revenue Division and policy not implemented to the letter . Necessary controls not adhered to.	Critical Vacancies were filled late in the financial year and will ease the pressure and ensure constant monitoring of procedures.	Monthly monitoring of deviation report on meter reading and ensuring that all meters are read. Non-read meters will be read in February 2020 and May 2020. Quarterly review of valuation roll.	30-Jun-20	Manager Revenue	Chief Financial Officer
	None.	None.	Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.	Vacancies and medical condition of meter readers. Non-implementation and monitoring of controls.	Filling of vacant meter reader positions. Monitoring and supervision of the meter reading process.	All meters to be read at least February and May 2020.	30-Jun-20	Manager Revenue	Chief Financial Officer

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Audit Action Plan									
Asset management	None.	An effective system of internal control for assets (including an asset register), as required by section 63(2)(c) of the MFMA, was not in place.	An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.	Lack of oversight. No proper controls by management over (i) the preparation of financial information for the purpose of financial reporting, (ii) the maintenance of the asset register and (iii) insufficient reconciliation between supporting documents / register and the GL.	Monthly reconciliation between asset register and the general ledger. Continuous updating of the assets register. Constant communication with the SCM Unit and Project Management Unit.	Monitoring on information received from the various units and then amending the assets register to reflect the correct status.	Monthly / On-going	Asset Manager	Chief Financial Officer
Procurement and contract management	Goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c).	Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c). Similar non-compliance was reported in the prior year.	Goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c). Similar non-compliance was reported in the previous year.	Non compliance by omission or using the alternative value estimation of the transaction (prior transaction)	Non processing of transactions that does not have the three quotes i.r.o Regulation 17.	Clear role expectation on the requirement to be met with actioning parties.	28/02/2020	Manager SCM	Chief Financial Officer
Procurement and contract management	None.	Quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.	Some quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was reported in the previous year.	The database was not updated due to supplier changed tax status. Non compliance with scm regulations and requirements	Database transactional completeness to be conducted.	Ensure declaration and tax matters are in order.	30/03/2020	Manager SCM	Chief Financial Officer
Procurement and contract management	None.	Sufficient appropriate audit evidence could not be obtained that quotations were only accepted from bidders whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.	Some quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was reported in the previous year	Non compliance and communication of the supplier changed his tax status with the supplier and project managers concern.	Constant review of database status of tax matters of suppliers.	Blocking system transaction to suppliers whose tax matters are expired.	30/04/2020	Manager SCM	Chief Financial Officer

Chapter 6

Audit Action Plan									
Procurement and contract management	None.	Some of the contracts were awarded to and quotations were accepted from bidders that had not scored the highest points in the evaluation process, in contravention of section 2(1)(f) of the Preferential Procurement Policy Framework Act and the Preferential Procurement Regulations.	Some invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2). This non-compliance was identified in the procurement processes for the upgrading of the wastewater treatment works in Clocolan (T03 2018/19) and the conversion of 969 VIP toilets (T04 2018/19).	The functionality requirement was deemed not been objective.	BSC Functionality to be able to produce evidence to be required.	functionality evidence proof is required to obtain functionality pointson bids.	immediately with tenders going on public invite	Manager SCM	Chief Financial Officer
Procurement and contract management	None.	Some of the contracts were awarded to and quotations were accepted from bidders based on functionality criteria that were not stipulated in the original invitation for bidding and quotations, in contravention of the Preferential Procurement Regulations	Contracts were awarded to bidders based on pre-qualification criteria that differed from those stipulated in the original invitation for bidding, in contravention of the 2017 preferential procurement regulation 4(1) and 4(2). This non-compliance was identified in the procurement processes for the construction of 500mm diameter pump line from DE-PUT water treatment works in Senekal/Matwabeng (T17 2018/19) and the construction of a 11ml reinforced concrete reservoir in Senekal (T18 2018/19).	Non compliance with scm regulation	Provide workshop to scm committees	Bid committee training to be provided.	30/05/2020	Manager SCM	Chief Financial Officer
Procurement and contract management	None.	None.	Some goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was reported in the previous year.	Operational emergencies that warrants such approach must be reduced or eliminated.	SCM processes must be respected and adhered to institution wide	Non-transactional processing of matters where SCM processes has been discarded.	30/01/2020	Manager SCM	Chief Financial Officer
	The formal processes to effectively monitor compliance with key legislation were inadequate, which resulted in non-compliance with legislation in certain cases.	The formal processes to effectively monitor compliance with key legislation were inadequate, which resulted in non-compliance with legislation in certain cases.	Management did not adequately review and monitor compliance with legislation as there were material repeat findings on compliance identified in the current financial year.	Non-submission of a list of compliance requirements implemented as per the compliance checklist	Ensure that compliance checklist is completed and submitted	Submission of quarterly reports on compliance checklist and be a standing agenda item in Management Committee Meetings	On-going	Directors	Municipal Manager

Chapter 6

Audit Action Plan									
Internal control deficiencies	None.	None.	Appropriate systems and procedures to monitor, measure and evaluate staff performance were not developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act.	Poor implementation of PMS system	Ensure performance contract are signed by managers and supervisors	Monitor and evaluate performance quarterly	30-Jun-20	Directors	Municipal Manager
Internal control deficiencies	None.	None.	The internal controls processes relating to the performance monitoring, measurement, review and reporting were not adequately performed, as required by municipal planning and performance management regulation 7(1).	Poor implementation of PMS system	Ensure performance contract are signed by managers and supervisors	Monitor and evaluate performance quarterly	30-Jun-20	Municipal Manager	Council
Internal control deficiencies	None.	Management did not in certain instances ensure that internal control processes were adequately designed and implemented to ensure cost-effective procurement and to prevent non-compliance with SCM requirements. Management relied on internal control processes to ensure compliance with procurement requirements, but it is evident from the amount of irregular expenditure that these internal control processes were ineffective and subject to abuse.	In certain circumstances, management did not exercise oversight, to ensure that accurate and reliable information is submitted on time, as there were material misstatements in the financial statements and annual performance report that required adjustments during the audit.	(a) A proper review not being done of the financial statements before submission for audit purpose (b) Supporting schedules not kept for amounts disclosed in the financial statements	Review to be done with compilation of AFS. Supporting schedules will be kept to substantiate amounts. Sufficient time provided to Internal Audit to review	Review of AFS to be done by independent person. Systematic controls activate to assist with monthly controls.	14-Aug-20	Manager SCM	Chief Financial Officer
Internal control deficiencies	None.	None.	Leadership did not adequately address the root causes of irregular expenditure identified in the previous year's resulting in irregular expenditure again in the current financial year.	Non implementation of mpac recommendations	implementation of mpac recommendations	Implementation of consequence management	30-Jun-20	Chief Financial Officer	Municipal Manager
Material uncertainty relating to claims against the municipality	None.	None.	With reference to note 54 to the financial statements, the municipality is the defendant in various lawsuits. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result were made in the financial statements.	None GRAP 19 stipulates that a possible obligation are only disclosed and NO provision is required.	None	None	None	Legal Manager	Director Corporate Services

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General performance indicators Key	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP) Plan	Set out municipal goals and development plans.
National Key	• Service delivery & infrastructure

GLOSSARY

performance areas	<ul style="list-style-type: none"> • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided</i></p>

GLOSSARY

	<i>for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>
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APPENDICES

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APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non- attendance
				%	%
K.S Mokhuoane	FT	Speaker	Party Representative	90%	10%
N.A Maoke	FT	Executive Mayor	Party Representative	70%	30%
N.A Taylor	FT	Member of The Mayoral Committee Administration and Human Resources	Party Representative	100%	0%
N.P Khitsane	FT	Member of the Mayoral Committee Development Planning and Social Security	Party Representative	90%	10%
M.W Selasi	FT	member of the Mayoral Committee Infrastructure	WARD 6	100%	0%
K.E Koalane	FT	Member of the Mayoral Committee Finance	WARD 11	100%	0%
M Hlakane	FT	Member of the Mayoral Committee Urban Planning and Housing	WARD 12	80%	20%
P.E Koqo	PT	Urban Planning and Housing Committee	Party Representative	100%	0%
E.P Strydom	PT	Finance Committee	Party Representative	50%	50%
M.M Mokhele	PT	Development Planning and Social Security Committee	Party Representative	50%	50%
M J Mathuhle	PT	Administration and Human Resources Committee	Party Representative	80%	20%
P.C Schee	PT	Municipal Public Accounts Committee	Party Representative	90%	10%
R.S Lipoko	PT	Infrastructure Committee	Party Representative	70%	30%
N.S Makhubu	PT	Finance Committee	Party Representative	70%	30%
A.M Mohoso	PT	Municipal Public Accounts Committee	Party Representative	70%	30%
M.P Matsau	PT	Municipal Public Accounts Committee	Party Representative	80%	20%
T.G Makhalanyane	PT	Development Planning and Social Security Committee	Party Representative	100%	0%
C.D Moipatli	PT	Administration and Human Resources Committee	Party Representative	80%	20%
Cllr A.C.L Bester***	PT	Urban Planning and Housing Committee	Party Representative	67%	33%
M C Heymans***	PT	Urban Planning and Housing Committee	Party Representative	75%	25%
M.M Mothibeli	PT	Infrastructure Committee	WARD 1	100%	0%
T.S Selikane	PT	Urban Planning and Housing Committee	WARD 2	80%	20%
M.L Mthimkulu	PT	Administration and Human Resources Committee	WARD 3	90%	10%

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Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non- attendance
				%	%
M.K Ralehlatsi	PT	Development Planning and Social Security Committee	WARD 4	70%	30%
S.I Makobane	PT	Finance Committee	WARD 5	50%	50%
N.P Khatlake	PT	Municipal Public Accounts Committee	WARD 7	90%	10%
T.B Jakobo	PT	Development Planning and Social Security Committee	WARD 8	50%	50%
T.I Mthimkulu	PT	Municipal Public Accounts Committee	WARD 9	100%	0%
I Vries	PT	Infrastructure Committee	WARD 10	60%	40%
M.H Semahla	PT	Infrastructure Committee	WARD 13	100%	0%
P.C Matobako	PT	Finance Committee	WARD 14	100%	0%
M.T Sellane	PT	Municipal Public Accounts Committee	WARD 15	90%	10%
T.J Mokoena	PT	Administration and Human Resources Committee	WARD 16	80%	20%
P.I Mavaleliso	PT	Municipal Public Accounts Committee	WARD 17	100%	0%
					T A

Concerning T A

The above table depicts the list of all councillors with indication of the respective committees they are allocated to. Attendance of council meetings is monitored, and the table reflects attendance breakdowns. Non-attendance is either through approved apology or leave of absence. Where councillors become guilty of absence without approved leave, the procedures as adopted by council are implemented. It should be noted the Councillor A C Bester resigned at the end of January 2019 and was replaced by Councillor M C Heymans of the Freedom Front Plus.

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APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Section 79 Committees	
Municipal Audit and Performance Management Audit Committee	To report to Council on issues of Audit and Performance Management
MPAC (Municipal Public Accounts Committee)	To investigate Audit Opinions and Outcomes in the Annual Report and prepare oversight report to Council. Also, to investigate and recommend to Council on Irregular Expenditure.
Risk Management Committee	To report to Council on issues of Risk Management
IDP Steering Committee	To lead the IDP process
Section 80 Committees	
Finance Committee	Portfolio Committee with Chairperson as Member of Mayoral Committee.
Infrastructure Committee	Portfolio Committee with Chairperson as Member of Mayoral Committee.
Community Services and Social Development Committee	Portfolio Committee with Chairperson as Member of Mayoral Committee.
Urban Planning and Housing Committee	Portfolio Committee with Chairperson as Member of Mayoral Committee.
Administration and Human Resource Committee	Portfolio Committee with Chairperson as Member of Mayoral Committee.
Internal Committees	
Bid Specification Committees	To develop Terms of Reference and Specifications for Bids – Appointment subject to need by MM. This is not a fixed committee.
Bid Evaluation Committees	To evaluation Bids in line with SCM requirements – Appointment subject to need by MM. This is not a fixed committee.
Bid Adjudication Committee	To adjudicate the Bid Evaluation Reports and either appoint or recommend to MM for appointment in line with Delegations and SCM requirements.
Local Labour Forum	To deal with all issues affecting labour within the Municipality.
Training and Development Committee	To consider the issues of Annual Training Report, Skills Development Plan and Training Interventions.
Employment Equity Forum	To ensure implementation of Affirmative Action Measures as per Employment Equity Plan.
IT Steering Committee	To discuss and be accountable for the municipality's ICT environment and ensure that ICT conforms to legislation.
TB	

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APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Department	Name and Position
Office of the Municipal Manager	Manager in the Office of the Municipal Manager-Vacant
	Manager Information Communication Technologies, Communication and Customer Relation Management-Vacant
	Chief Audit Executive-Ms D S Lebeko
	Integrated Development Planning Manager-Mr. M S Makhele
	PA Executive Mayor – Mr Mokoena
	PA Speaker – Mr Makobe
Corporate Services	Manager Human Resource Management Mrs B L Mokoena
	Manager Human Resource Development Mr S G Skosana
	Manager Administration and Support Services Mrs S Z Mihailescu
	Manager Payroll Administration Mrs A Pieters
	Manager Legal Services Mrs M Koalane
Treasury Services	Manager Budget and Reporting- D J Van Tonder
	Manager Revenue Management-Mrs F Viljoen
	Manager Expenditure- Mrs M Marx
	Manager Assets-Mrs M Mabeleng
	Manager Supply Chain Management-Mr. J Lynch
Development Planning and Social Security	Manager Solid Waste-Mr. L Van Der Merwe
	Manager Security-Mr. M A Mosholi
	Manager Local Economic Development-Mr. M E Fokane
	Manager Parks and Cemeteries-Vacant
	Manager Public Safety-Vacant
Engineering Services	Manager Water and Sanitation: Operations and Maintenance-Mr. M J Koalane
	Manager Water and Sewer: Bulk Services - Mr M A Mokhethoa
	Manager Roads and Storm Water-Mr. L G Moreki
	Manager Planning-Mr. M S Radiopane
	Manager Electricity-Mr. W R De Villiers
	Manager Project Management Unit-Mr. S S Kunene
TC	

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	Yes
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	No
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	Yes
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes
* <i>The municipality does not have a municipal entity</i>	
T D	

APPENDICES

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes / No)	Number of monthly committee meetings held during this year	Number of monthly reports submitted to Speaker 's office on time	Number of quarterly public ward meetings held during year
Ward 01	<p>Cllr. M. Mothibeli</p> <p>Ward Committees</p> <ol style="list-style-type: none"> 1. Makamole Monaheng Victor 2. Nthako Malefu 3. Motsokane Nkobo Walter 4. Nkhatho Tseko Isaac 5. Ralekhetla Mamodidi Jeanet 6. Moya Disebo Claurina 7. Jonas Madikotsi Rose 8. Koto Leaoa Petrus 9. Likhoele Puseletso Gladys 10. Moletsane Makhobotlo Annah 	Yes	02	02	02
Ward 02	<p>Cllr. T. Selikane</p> <p>Ward Committees</p> <ol style="list-style-type: none"> 1. Mahlatsi Malakia 2. Masakala Puleng Veronica 3. Dhlamini Malefu Mirriam 4. Masukela Ngoejane Maria 5. Moabi Motshepa Anastasia 6. Debeshe Timothy Lebeko 7. Sekharume Moselantja 8. Peea Makaalo 9. Semenyane Thulo David 10. Thoo Lipuo Julia 	Yes	None	NONE	None
Ward 03	<p>Cllr. M. Mthimkhulu</p> <p>Ward Committees</p> <ol style="list-style-type: none"> 1. Molelekoa Ami Joseph 2. Khotleli Mookgo Alinah 3. Molapo Meikie Mamikie 4. Phakoe Folatha 5. Mokgothu Mamonyane Dina 6. Qhamakoane Francina 7. Mamlabatsi 8. Monosi Pitso Phillip 9. Qacha Moipone Alice 10. Selasi Ntaoleng Maria 11. Theletsane Modiehi Christina 	Yes	05	02	02
Ward 04	<p>Cllr. M. Ralehlatsi</p> <p>Ward Committees</p> <ol style="list-style-type: none"> 1. Rampoli Seipati 11. Mokhothu Letitia Ntsejoa 12. Mositi Moroosi 13. Mohapi Mamothibi 14. Tshotshotso Teboho 15. Mokhatla Kheola Isaac 16. Lemeko Winnie Manyane 17. Molisenyana Matshediso Emily 18. Bohata Leku Abram 19. Montle Alina Martha 	Yes	01	01	None
Ward 05	<p>Cllr. S. Makubane</p> <p>Ward Committees</p> <ol style="list-style-type: none"> 1. Tshabalala Tshediso 2. Hlalele Pelaelo Lydia 3. Ramohlakoane Maditaba Anna 4. Thejane Nnane Ephraim 5. Mokoini Mosele Chressie 6. Makate Mamalanga Anna 7. Mokhothu Tladi Samuel 8. Zond Dikeledi Precia 9. Mofolo Lebina 10. Mohlomi Maditaba Paulina 	Yes	03	03	01

APPENDICES

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes / No)	Number of monthly committee meetings held during this year	Number of monthly reports submitted to Speaker 's office on time	Number of quarterly public ward meetings held during year
Ward 06	Cllr. M. Selasi <u>Ward Committees</u> 1. Mokhothu Pule Ishmael 2. Lebakeng Moipone Paulina 3. Ndidiza Notsizi 4. Macholo Mampho Lydia 5. Isaac Masole Isaac 6. Macholo Mojalefa Joel 7. Seholo Teboho Shadrack 8. Segakweng Lerato Brenda 9. Mpekoa Moeketsi Paulus 10. Morabane Pulane Sophia	Yes	None	None	None
Ward 07	Cllr. N. Khahlake <u>Ward Committees</u> 1. Taunyane Nthona Lucy 2. Thabana Puseletso Germina 3. Takalo Molefi Moses 4. Khiba Madira Adolphine 5. Bokhatsi Dikeledi Julia 6. Maloka Bopane Merriam 7. Maloka Moeketsi Lucas 8. Thakedi Thubaka Sidwell 9. Makhalima Majoro Joseph 10. Sefuthi Mookho Olivia	Yes	None	None	None
Ward 08	Cllr. T J Jakobo <u>Ward Committees</u> 1. Rapulutsoane Seabata Zakaria 2. Theko Malineo 3. Rantsatsi Seipati Maria 4. Mokgethi Puleng Agnes 5. Tongoane Makolitsoe Florina 6. Mathe Joseph (Deceased) 7. Sello Mokone 8. Rachere Thabo Sidwell 9. Khathatsi Tebello Amelia 10. Selepe Lefulesele Agnes	Yes	None	None	None
Ward 09	Cllr. T. Mthimkhulu <u>Ward Committees</u> 1. Mongana Seitisho Mannini Selina 2. Moahlodi Mathabo Mary 3. Morobe Teboho James 4. Makelelane Thabang Lloyd 5. Letsoara Thabo Roman 6. Matadinyane Maletsatsi Clementine 7. Sello Modiehi Christina 8. Lothane Monyamane Jan 9. Makhobalo Malefu Julia 10. Nthoroane Letuka Paulus	Yes	None	None	None
Ward 10	Cllr. I. Vries <u>Ward Committees</u> 1. Mokhitli Tamaha Eric 2. Tommy Ancell 3. Phahlane Keketso 4. Marotholi Thabo Samuel 5. Monoko Tebello Samuel 6. Crowley Jennifer Ann 7. Krotz Johan Christo 8. Lehana Motshidisi 9. Lephoto Nthabiseng Maria 10. Msimanga Dimakatso Maria	Yes	None	None	None

APPENDICES

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes / No)	Number of monthly committee meetings held during this year	Number of monthly reports submitted to Speaker 's office on time	Number of quarterly public ward meetings held during year
Ward 11	Cllr. K. Koalane <u>Ward Committees</u> 1. Ramphoma Joalane Jeanette 2. Sempe Mathakane Emily 3. Lebakeng Matlakala Elizabeth 4. Tigedi Masentle Angelina 5. Lihaba Malimakatso Julia 6. Moeketsane Ramahlapane David 7. Maphisa Mapena Michael 8. Mereko Khathenyane Johannes 9. Moea George A Ibinus	Yes	02	02	None
Ward 12	Cllr. M. Hlakane <u>Ward Committees</u> 1. Tlake Alphonsina Tlalane 2. Tshabalala Teboho Edwin 3. Tooane Emily Moloitsane 4. Maloka Modiehi Alphonsina 5. Mokhemisa Mateboho Sophia 6. Mohapi Thabiso Ridder 7. Letube Morake Edward 8. Tsolo Nehemia Mokgale 9. Masukela Molefinyana Abednico 10. Mokheseng Teboho Paulus	Yes	03	03	03
Ward 13	Cllr. M. Semahla <u>Ward Committees</u> 1. Mofokeng Mathapelo Tinah 2. Tsoloane Libuseng Valentino 3. Tsenase Selloane Rosalia 4. Majake Khauta Daniel (Deceased) 5. Nketoane Matseko 6. Mokiti Lebohang Cecilia 7. Raboroko Moses 8. Mofolo Motlatsi 9. Motloenya Lefu Elliot 10. Nhlapo Tsiliso	Yes	03	03	01
Ward 14	Cllr. P. Matobako 1. Letlaka Nzimeni Jan 2. Taioe Rammiti Nehemia 3. Kakana Mapaseka Isabel 4. Liakhele Lerato Penelope 5. Maele Nthabeleng Magdaline 6. Mofokeng Dimakatso Maria 7. Thulo Seriti Ishmael 8. Lebesa Matshiliso Lucia 9. Lipali Moeketsi Vonk 10. Sefate Fulatha	Yes	01	01	None
Ward 15	Cllr. M. Sellane <u>Ward Committees</u> 1. Tena Vincent Teboho 2. Sekhonyane Deliwe Patricia 3. Shai Mantswedi Maria 4. Mohosho Ntswaki Betty 5. Motaung Matsietsi Alina 6. Monokoa Mafoma Clementina 7. Du Toit Benjamin Johannes 8. Masupe Padi Joseph 9. Chaka Motlalepula Johannes 10. Seleso Sello Heriel	Yes	None	None	None

APPENDICES

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes / No)	Number of monthly committee meetings held during this year	Number of monthly reports submitted to Speaker 's office on time	Number of quarterly public ward meetings held during year
Ward 16	Cllr. T. Mokena <u>Ward Committees</u> 1. Leponesa Madipuo Yvonne 2. Mohlomi Moferefere David 3. Motseare Jeremane Paulus 4. Ntholi Teboho Joshua 5. Tseeke Mamodiehi Gloria 6. Selepe Libuseng 7. Masena Mamadiso Elisabeth 8. Selate Moipone Landa 9. Mokone Mamojalefa Jermina 10. Mazibuko Koto Alex	Yes	02	02	None
Ward. 17	Cllr. P. Mavaleliso <u>Ward Committees</u> 1. Sekoboto Makamohelo Theresia 2. Tongoane Nthabiseng Augustina 3. Tshabalala Mensel 4. Tsoeu Lerato Lucas 5. Mofokeng Teboho 6. Lebona Polo Julia 7. Monyane Moelo Anna 8. Mokatile Khahliso James 9. Rametse Majobo Agnes 10. Mokoena Pulane Anencia	Yes	03	02	04

APPENDICES

APPENDIX F – WARD INFORMATION

Capital Projects: Seven Largest in 2018/2019 (Full List at Appendix O)

R"000				
Ward No.	Project Name and detail	Start Date	End Date	Total Value
10	Upgrading of the Van Soelen Outfall Sewer Pipeline (phase 02)	June 2018	November 2019	25 000
	Upgrading of WWTW	September 2018	March 2020	26 000
	Reticulation of 111D Erven (water/sewer)	March 2017	November 2019	31 000
01	Upgrading of Moemaneng Sports Facility	June 2019	March 2020	10 000
01	Upgrading of Rising Main from WTW to the Reservoir in Marquand	November 2018	April 2019	9 000
07	Upgrading of De Put Pipeline Senekal	June 2019	June 2020	25 000
06	Construction of the Reservoir	June 2019	October 2020	25 000
				08TF.1

Basic Service Provision

Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	34 687	26 362	28 131	31 632	
Households without minimum service delivery	1 262	9 587	7 818	4 317	
Total Households*	35 949	35 949	35 949	35 949	
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					T F.2

No	Priority Name and Detail	Progress during 2018/2019
1	Waste Removal	88% removed at least once a week
2	Maintenance of Roads	Continuous maintenance done although the financial situation is in dire state
3	Electricity Provision of	78% provided with basic electricity
4	Sanitation Provision	74% provided with basic sanitation
5	Water Provision	96% provided with basic water

ELECTED WARD MEMBERS (STATING NUMBER OF MEETING ATTENDED – MAXIMUM 12 MEETINGS)

Information not provided.

T F.3

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2018/2019

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2018/2019	Recommendations adopted (enter Yes) If not adopted (provide explanation)
17-Jul-18	The last three items that reflected in the audit report action plan pertaining to the information technology be dealt with at the Information Technology Steering Committee and the wording be refined during the next two weeks before the AGSA do the audits.	Yes.
17-Jul-18	The committee request the CAE to engage management with section 52(d) report on correction that should be done as per findings issued.	Yes.
24-Aug-18	The committee resolved that an action plan be compile on the result of the external quality assurance and a review to be performed on those areas that the Internal Audit function partially comply with the standards after the period of six months.	Yes.
17-Oct-18	The APAC adopted the report and request management address issue of assets as it has been reoccurring.	Partially implemented as the depreciation has not yet run and there is also a difference of R3,6 million that need to be address before the submission of the Annual Financial Statement for the year ended 2019 to AGSA.
17-Oct-18	The committee noted the report and resolved that the Acting Chief Financial Officer to give a summary on the implementation plan in the next APAC meeting of the 14 January 2019.	Yes.
14-Jan-19	The APAC resolved that the management to look at intervention plan that will boost the revenue enhancement strategy and to benchmark with other municipalities on the average collection of revenue an come with reason target of revenue collection	Partially implemented as the benchmark with other municipalities still to be done.
15-Feb-19	The committee resolved that the revised SDBIP be presented to them in the special APAC meeting.	Yes.
15-Feb-19	The committee resolved that the dashboard report on status of legal cases be compiled and presented to the coming APAC meeting of the 19 March 2019.	Yes.
15-Feb-19	The litigation be dealt with at the risk management committee meeting.	Not yet implemented. Report not yet submitted as the RMC meeting was not taken place at that time however the meeting that were schedule was dealing with strategic documents and this report will be dealt with during the financial year 2019/2020.
15-Feb-19	The municipality to finalise the issue of the specification on the appointment of pool of attorneys.	Yes.
19-Mar-19	The municipality to finalise the appointment of the Asset Management Manager	Yes.
19-Mar-19	The Risk Management Committee meeting to take place in matter of urgency as it is one of the governance structures and the Municipal Manager to engage with the Risk Management Committee Chairperson on the suitable date.	Yes.
19-Mar-19	The remedial action and strategy to be reflected in the page 7 of the revised SDBIP; the paragraph be included that dealt with initiating the time constrain and the senior position is not filled have also impact.	Yes.
23-Apr-19	The committee deferred the procurement plan back and requested management: - • to align the plan to the adjustment budget. • the progress on procured services or materials be reflected in percentage on all projects; and • a procurement plan be accompanied by a narrative summary of report.	Yes.
23-Apr-19	The committee resolved that management come up with mitigating controls on how to cap against the risk of the assets values that might be understated or overstated, and management must report in the risk management committee meeting that will be held on the 13 or 14th of May 2019.	Not yet as at the Risk Management Committee that were held on the suggested date the committee were dealing with their strategic documents that were presented in the Council Meeting of the 30 July 2019.
23-Apr-19	It was resolved that the report be withdrawn, and the report be rework and highlight implementation or progress on risk management plan. The committee further resolved that the communication channel be sharpened.	Yes.
23-Apr-19	The Municipal Manager to engage the Munsoft consultants to correct the information on the financial system and correction should be done before the end of the financial year to avoid negative opinion from AGSA.	Yes.
20-May-19	The committee resolved that the budget related policies be aligned to the MFMA regulation and the budget policy be in terms of the MFMA circular 65 on the role and responsibilities of the audit committee for the Annual budget for the financial year 2019/2020.	Not done as the time the APAC dealt with the matter the item was already been drawn and it will be done during the drafting of the Annual budget for the financial year 2020/2021.
20-May-19	The committee also resolved that the budget extract including the schedule A, B and C be corrected that will go to Council and the Internal Audit be given opportunity to do the review.	Partially implemented as quality assurance was not performed on the budget.
20-May-19	The committee resolved that management to align the response submitted to the Internal Audit findings and the corrected section 52(d) report be re-audited that include the fourth quarter report before submitted to Council.	Yes.
20-May-19	The committee resolved that the alignment be done on those documents - IDP, budget, SDBIP and the performance agreement for the financial year 2019/2020.	Yes.

TG

APPENDICES

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2018/2019)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project Manager	Contract Value
Information not provided					
					T H.1

Public Private Partnerships Entered into during 2018/2019					
					R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project Manager	Value 2018/2019
Information not provided					
					T H.2

APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

The municipality does not have a municipal entity

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2018 to 30 June 2019		
Position	Name	Description of Financial interests* (Nil / Or details)
Executive Mayor	Nthateng Maoke	Owns House in Meqheleng - ± R64 000.00
		Owns House in Ficksburg - ± R750 000.00
Member of Mayoral Committee	M.W. Selasi	Nil
	A N Taylor	20 Shares @ Phuthumanathi - ± R20 000.00
		20 Shares @ Yizani - ± R20 000.00
		Land @ Hlohlolwane
	M. Hlakane	Seconded Councillor to Thabo Mofutsanyana - ± R750.00
		Owns Site in Meqheleng
		Toyota Corrola - R70 000.00 & Toyota Hilux - R65 000.00 & Isuzu KB 250 - R150 000.00
	K.E. Koalane	Nil
	N.P. Khitsane	Nil
Councillor	K.S. Mokhuoane	Owns a three roomed House in Matwabeng Zone 10 - ± R 60 000.00
	T.G. Makhalanyane	Owns a House in Meqheleng - ± R 500 000.00
		Owns land in Meqheleng 1413 Ext 27 - ± R15 000.00
	M.M. Mokhele	Owns a House in Matwabeng - ± R450 000.00
		Works as a Property Agent @ OELOFSE Properties - 7% Commission
	P.I. Mavaleliso	Nil
	T.J. Mthimkhulu	Owns 8 Roomed house in Clocolan - ± R220 000.00
		Open site 2974 in Clocolan +- R60 000.00
	M/H/ Semahla	Owns a House in Ficksburg - ± R200 000.00
	M.C. Heymans	Nil
	M.J. Mathuhle	Nil
	E.P. Strydom	Owns farm in Senekal - ± R10 000 000.00
		Directorship at MGO Old Age home
		Owns Butchery in Marquard - ± R 6 000 000.00
		Owns House in Marquard - ± R 1 000 000.00
	R.S. Lipoko	Owns Ebenezer Christian School - ± R7 000.00
		Site in Tambo Senekal - R10 000.00
	C.D. Moipatli	Owns a Shelter in Matwabeng +- R15 000.00
	T.J. Mokoena	Nil
	M.L. Mthimkhulu	Owns House in Senekal - ± R285 000.00
	P.C. Schee	House in Clocolan +- R350 000.00
		2 Cab Bakkie +- R95 000.00
	M.M. Mothibeli	Nil
	P.E. Koqo	4 Shares with Green Setsoto under waste management
		Director of Ramabalu Cooperative, Palesa Koqo Cooperative, Tumelo Ramabalu Cooperative & Moditsane Thobatsa Cooperative
	I. Vries	Owns House in Ficksburg - ± R350 000.00
	T.S. Selikane	Nil
	M.P. Matsau	35% Shares at Royal Leader (PTY) LTD - ± R0.00
		25% Shares at Kgaba la Afrika (PTY) LTD - ± R0.00
		Directorship @ GodSpeed Service Provider; Royal Leader (PTY) LTD; Kgaba la Afrika (PTY) LTD
	A. Mohosho	Nil
	T.B. Jakobo	Owns house in Clocolan - ± R700 000.00
		10 Cattle and 3 Calves - R75 000.00
	N.P. Khatlake	Directorships Mangora Trading; Chozoza Trading; Tswelong Trading & NPK Window Gloss Private Company - ± R0.00
	M. Sellane	Nil

APPENDICES

Disclosures of Financial Interests		
Period 1 July 2018 to 30 June 2019		
Position	Name	Description of Financial interests* (Nil / Or details)
Councillor	P.C. Matobako	Nil
	S. Makobane	Nil
	M. Ralehlatsi	Nil
	N.S. Makhubu	Nil
Municipal Manager	STR Ramakarane	Owns House in Bloemfontein - ± R 1 700 000.00
		Owns a Townhouse in Bloemfontein - ±R 450 000.00
		Owns a House in Qwaqwa - ± R 200 000.00
		Owns a house in Ficksburg - ± R460 000.00
Deputy MM and (Executive) Directors		
Acting Director Engineering Services	M. Radiopane	Nil
Acting Director Corporate Services	B.L. Mokoena	Director of Company - KA JBNA Sole Prop
		Owns a House in Ficksburg - ± R820 000.00
Acting CFO	D.J. van Tonder	Nil
Acting CFO	M. Marx	Shares at Sanlam
		House in Uitenhage - R500 000.00
Director Development Planning Social and Security	T.R. Zondo	Nil
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		
T J		

T J

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						R' 000
Vote Description	2017/2018	2018/2019			2018/2019 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Awaiting audited figures						T K.1

APPENDICES

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	2017/2018	2018/2019			2018/2019 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Awaiting audited figures							T K.2

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Information not provided						
						T L

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG

Information not provided.

T L.1

APPENDICES

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	2017/2018	2018/2019			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2019/2020	2020/2021	2021/2022
No information provided							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							

R '000

T M.1

Capital Expenditure - Upgrade/Renewal Programme*							
Description	2017/2018	2018/2019			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2019/2020	2020/2021	2021/2022
No information provided							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							

R '000

T M.2

APPENDICES

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
Description	2017/2018	2018/2019			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2019/2020	2020/2021	2021/2022
No information provided							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							

R '000

T M.3

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2018/2019

Capital Programme by Project: 2018/2019					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
No information provided					
					T N

APPENDICES

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2018/2019

Capital Programme by Project by Ward: 2018/2019			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
No information provided			T O

APPENDICES

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Not applicable				
Clinics (NAMES, LOCATIONS)				
Not applicable				
				T P

APPENDICES

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics		
Information not provided		
Housing		
Information not provided		
Licencing and Testing Centre		
Information not provided		
Reservoirs		
Information not provided		
Schools (Primary and High)		
Information not provided		
Sports Fields:		
Information not provided		
		T Q

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

The municipality has not made any loans and grants to organisations and individuals in the year under review.

APPENDICES

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Information not provided		
		T S

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

To be attached after being audited at the end of November 2019.



Setsoto Local Municipality
(Registration number Municipal demarcation code FS191)
Financial statements
for the year ended 30 June 2019
Auditor-General of South Africa

Setsoto Local Municipality

(Registration number Municipal demarcation code FS191)
Financial Statements for the year ended 30 June 2019

General Information

Legal form of entity	A Municipality which is an organ of state within the local sphere of government exercising legislative and executive authority.
Nature of business and principal activities	A Local Authority providing municipal services and maintaining the best interest of the community in the Setsoto Municipal area.
Legislation governing the municipality's operations	Local Government: Municipal Finance Management Act (No. 56 of 2003) Local Government: Municipal Systems Act (No. 32 of 2000) Local Government: Municipal Systems Amendment Act (No. 44 of 2003) Local Government: Municipal Structures Act (No. 117 of 1998) Local Government: Municipal Structures Amendment Act (No.33 of 2000) Housing Act (No. 107 of 1997) Constitution of the Republic of South Africa (No. 108 of 1996) Property Rates Act (No. 6 of 2004) Annual Division of Revenue Act Municipal Demarcation Act (No. 27 of 1998) Local Government: Transition Act Second Amendment (No. 97 of 1996) Water Services Act (No. 108 of 1997) Electricity Act (No. 41 of 1987) Intergovernmental Fiscal Relations Act (No. 97 of 1997) Intergovernmental Relations Framework Act (No. 13 of 2005)
Mayor / Executive Mayor Executive Committee / Mayoral Committee	Maoke, Nthateng Alice Koalane, Komane Elias Taylor, Nnini Annie Hlakane, Moeketsi Selasi, Motsamai William Khitsane, Nthatisi Petronella
Councillors	Speaker - Mokhuoane, Krog Sexton Koqo, Palesa Elizabeth Mokhele, Modise Moses Mathuhle, Motsamai John Schee, Pulane Constance Lipoko, Ratsholwane Shadrack Makhubu, Ntali Selina Mohosho, Andronika Modiehi Strydom, Evert Phillip Matsau, Malefane Patrick Makhalanyane, Tieho George Moipatli, Chere Daniel Mothibeli, Moselantja Mercy Selikane, Thabiso Shadrack Mthimkulu, Mamotena Lydia Ralehlatsi, Mahlomola Klaas Makobane, Serame Ishmael Khatlake, Ntema Peter Jakobo, Tsheliso Bernard Mthimkhulu, Thabo Isaac

Setsoto Local Municipality

(Registration number Municipal demarcation code FS191)
Financial Statements for the year ended 30 June 2019

General Information

	Vries, Isak Semahla, Mookho Hilda Matobako, Puseletso Constance Sellane, Matieho Theresia Mokoena, Teboho Jacob Maveleliso, Paka Isaac Bester, Aletta Catharina - Resigned 31/01/2019 Heymans, Maria Cornelia - From 04/02/2019
Grading of local authority	06 - Medium Capacity
Accounting Officer	Mr. STR Ramakarane
Acting Chief Finance Officer (CFO)	Mr. N van Tonder
Registered office	27 Voortrekker Street Ficksburg 9730
Business address	27 Voortrekker Street Ficksburg 9730
Postal address	P O Box 116 Ficksburg 9730
Bankers	First National Bank, a division of First Rand Limited
Auditors	Auditor-General of South Africa
Legal Manager	PM Koalane P O Box 116, Ficksburg, 9730 matshediso@setsoto.co.za
Telephone Number	(051) 933 9300
Fax Number	(051) 933 9363

Setso Local Municipality

(Registration number Municipal demarcation code FS191)
Financial Statements for the year ended 30 June 2019

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
COGTA	Department of Cooperative Governance and Traditional Affairs
CIGFARO	Chartered Institute of Government Finance, Audit & Risk Officers
mSCOA	Municipal Standard Chart Of Accounts
IGRAP	Interpretation of the Standard of Generally Recognised Accounting Practice

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (No. 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared as required by in terms of Section 122 of the Municipal Finance Management Act (No. 56 of 2003) and in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements are prepared on the basis that the municipality is a going concern and that the Setsoto Local Municipality has neither the intention nor the need to liquidate or curtail materially its scale.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently performing audit and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The financial statements set out on pages 6 to 88, which have been prepared on the going concern basis (Please refer to Note 53), were approved by the accounting officer on 31 August 2019

Mr. STR Ramakarane
Municipal Manager

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Audit & Performance Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2019.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year a number of 8 meetings were held.

Name of member	Number of meetings attended
Mr H B Mathibela - Chairperson	7
Mr T Zororo	3
Mr L S Mofokeng	5
Mrs F Kobo	5
Mrs S Masite	4

All members are independent with no interest in the management or conduct of the business of the Municipality and the members of the Audit and Performance Audit Committee were appointed on the 26 June 2017 and their contract will end on 27 July 2022.

Audit and Performance Committee responsibility

The Audit and Performance Audit Committee reports complies with its responsibilities arising from section 166(2)(a) and (b) of the MFMA.

The Audit and Performance Audit Committee has adopted appropriate formal terms of reference as its Audit and Performance Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is considered generally adequate in design and is partially ineffective in its implementation on some entities and this was evident by the reasonable assurance given by the Internal Audit Unit. However, there have been some vast improvements on some internal controls. The identification of corrective actions and suggested enhancements to the controls were done through risk management process and interaction with management on the action plan on audited report.

Evaluation of financial statements

The Audit and Performance Audit Committee has:

- reviewed and discussed the unaudited financial statements that will be presented to the Auditor-General South Africa;
- reviewed changes in accounting policies and practices;
- reviewed the adjustments made which appear on notes of prior year period error and re-classification;
- reviewed SCM Policy and assets management policy;
- provide assurance on irregular, fruitless and wasteful expenditure;
- provide assurance on the write off on debtors;
- monitors asset management;
- monitor the implementation of the procurement plan;
- monitor the implementation of the SCM policy on deviation;

Internal audit

The Audit and Performance Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Chairperson of the Audit & Performance Audit Committee

Date: _____

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Financial Statements for the year ended 30 June 2019

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2019.

1. Review of activities

Main business and operations

The operating results and state of affairs of the municipality are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was R 644 326 366 (2018: deficit R 47 366 882).

2. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus (deficit) of R 2 603 503 176 and that the municipality's total assets exceed its liabilities by R 2 603 503 176.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year that would impact on the financial results as disclosed in these financial statements.

4. Accounting Officer's interest in contracts

The Accounting Officer had no interest in any contracts.

5. Accounting policies

The financial statements prepared as required in terms of Section 122 of the Municipal Finance Management Act (No. 56 of 2003) and in accordance with the South African Standards of Generally Recognized Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed framework by National Treasury.

6. Employee benefits

Management performed an actuarial valuation of the Employee Benefits of the employer's liability as arising from the Post-Retirement Healthcare Subsidy ("RHS") payable to current and retired employees.

The valuation is in line with the requirements of GRAP 25 and have determined the items required for disclosure in terms of this standard.

Refer to note 20 for detail about these valuations.

7. Non-current assets

There were no major changes in the nature of the non-current assets of the municipality during the year.

8. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Mr. STR Ramakarane	RSA

9. Auditors

Auditor-General of South Africa (AGSA) will continue in office for the next financial period.

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Accounting Officer's Report

10. Jurisdiction

Setsoto Local Municipality includes the following areas:

- Ficksburg
- Senekal
- Marquard
- Clocolan

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Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018
Assets			
Current Assets			
Inventories	3	5 575 372	2 860 937
Receivables from exchange transactions	5&6	208 757 363	181 268 256
Receivables from non-exchange transactions	7	51 054 431	60 252 230
Cash and cash equivalents	9	29 385 855	377 515
		294 773 021	244 758 938
Non-Current Assets			
Investment property	10	67 037 792	68 198 668
Property, plant and equipment	11	2 483 731 590	3 145 203 126 *
Intangible assets	12	515 610	1 574 564
Heritage assets	13	15 385 902	15 385 903
Other financial assets	4	3 723 058	3 479 855
		2 570 393 952	3 233 842 116
Total Assets		2 865 166 973	3 478 601 054
Liabilities			
Current Liabilities			
Other financial liabilities	14	7 637 045	7 923 026
Payables from exchange transactions	16	143 721 689	109 177 002 *
VAT payable	21	3 629 936	8 021 325
Consumer deposits	17	3 219 260	2 787 766
Employee benefit obligation	20	1 348 055	576 000 *
Unspent conditional grants and receipts	18	8 979 260	8 979 260
Provisions	19	1 264 969	1 217 000
		169 800 214	138 681 379
Non-Current Liabilities			
Other financial liabilities	14	20 772 460	27 317 132 *
Employee benefit obligation	20	44 741 798	44 756 000 *
Provisions	19	26 349 325	20 017 000
		91 863 583	92 090 132
Total Liabilities		261 663 797	230 771 511
Net Assets		2 603 503 176	3 247 829 543
Accumulated surplus	56	2 603 503 176	3 247 829 543

* - Amount has been restated, for details refer to Note 57.

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Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018
Revenue			
Revenue from exchange transactions			
Service charges	22	178 270 347	167 135 018
Rental of facilities and equipment	24	1 497 060	1 191 601
Interest received (trading)	28	33 531 202	24 176 660
Licences and permits		22 720	189 626
Commissions received		902 458	241 353
Sale of land	28	1 631 658	109 511
Other income	23	3 878 137	19 714 297
Interest received - investment	25	3 582 050	2 396 348
Dividends received	25	59 666	51 142
Total revenue from exchange transactions		223 375 298	215 205 556
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	66 372 198	52 960 740
Transfer revenue			
Government grants & subsidies	27	295 147 986	246 803 008
Public contributions and donations	50	-	4 091 554
Fines, Penalties and Forfeits	28	1 635 725	1 688 828
Total revenue from non-exchange transactions		363 155 909	305 544 130
Total revenue	28	586 531 207	520 749 686
Expenditure			
Employee related costs	29	187 091 940	175 808 088
Remuneration of councillors	30	13 350 038	12 747 829
Repairs and maintenance		3 545 327	1 518 870
Depreciation and amortisation	32	226 647 232	176 925 653
Impairment loss	33	1 268 460	1 584 887
Finance costs	34	9 265 993	6 997 866 *
Lease rentals on operating lease		3 006 212	6 449 012
Debt Impairment	35	104 984 116	78 138 083
Collection costs		1 506 702	1 125 593
Bulk purchases	36	74 869 013	53 990 492
Contracted services	37	12 894 664	13 380 027
Transfers and Subsidies	38	241 014	2 110 976
Loss on disposal of assets		548 613 472	911 500
Actuarial losses		3 278 597	424 000
General Expenses	40	40 294 793	36 003 692 *
Total expenditure		1 230 857 573	568 116 568
Deficit for the year		(644 326 366)	(47 366 882)

* - Amount has been restated, for details refer to Note 57.

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2017	3 295 196 425	3 295 196 425
Changes in net assets		
Deficit for the year	(47 366 882)	(47 366 882)*
Total changes	(47 366 882)	(47 366 882)
Balance at 01 July 2018	3 247 829 542	3 247 829 542 *
Changes in net assets		
Deficit for the year	(644 326 366)	(644 326 366)
Total changes	(644 326 366)	(644 326 366)
Balance at 30 June 2019	2 603 503 176	2 603 503 176
Note(s)		

* - Amount has been restated, for details refer to Note 57.

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Cash Flow Statement

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Receipts			
Property Rates		75 582 061	52 102 476
Sale of goods and services		83 382 219	77 247 872
Grants		295 147 986	246 803 007
Interest income		3 582 050	2 396 348
Dividends received		59 666	51 142
Other receipts		4 233 338	21 403 125
Other non-cash item		-	42 768
		<u>461 987 320</u>	<u>400 046 738</u>
Payments			
Employee costs		(195 499 743)	(188 555 917)
Suppliers		(109 570 050)	(127 552 411)
Finance costs		(9 265 993)	(6 997 866)*
		<u>(314 335 786)</u>	<u>(323 106 194)</u>
Net cash flows from operating activities	41	<u>147 651 534</u>	<u>76 940 544 *</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(111 758 715)	(99 117 641)
Proceeds from sale of property, plant and equipment	11	-	642 660
Proceeds from sale of intangible assets	12	189 377	-
Purchase of financial assets		(243 203)	(267 994)
		<u>(111 812 541)</u>	<u>(98 742 975)</u>
Net cash flows from investing activities		<u>(111 812 541)</u>	<u>(98 742 975)</u>
Cash flows from financing activities			
Take up/(Repayment) of other financial liabilities		(6 830 653)	20 099 044 *
Net cash flows from financing activities		<u>(6 830 653)</u>	<u>20 099 044</u>
Net increase/(decrease) in cash and cash equivalents		29 008 340	(1 703 387)
Cash and cash equivalents at the beginning of the year		377 515	2 080 902
Cash and cash equivalents at the end of the year	9	<u>29 385 855</u>	<u>377 515</u>

* - Amount has been restated, for details refer to Note 57.

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	185 729 000	25 479 829	211 208 829	178 270 347	(32 938 482)	Due to economic constraints the expected income decreased.
Rental of facilities and equipment	5 050 663	(3 577 118)	1 473 545	1 497 060	23 515	Income decreased due to letting contracts ending.
Interest received (trading)	28 000 820	3 021 026	31 021 846	33 531 202	2 509 356	Increased debt contributed to a higher interest levy.
Licences and permits	35 000	3 487	38 487	22 720	(15 767)	Decrease in payments received from the Department of Justice.
Commissions received	175 000	9 450	184 450	902 458	718 008	Increase due to additional commissions received.
Sale of land and erven	-	63 612	63 612	1 631 658	1 568 046	Increase due to land sale.
Other income - (rollup)	1 154 122	3 145 056	4 299 178	3 878 137	(421 041)	Decrease in sundry services.
Interest received - investment	2 160 000	410 767	2 570 767	3 582 050	1 011 283	Increased debtors control resulted in interest.
Dividends received	35 000	24 666	59 666	59 666	-	
Total revenue from exchange transactions	222 339 605	28 580 775	250 920 380	223 375 298	(27 545 082)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	50 000 000	12 335 836	62 335 836	66 372 198	4 036 362	Due to implementation of new valuation roll.

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Transfer revenue						
Government grants & subsidies	278 609 998	7 358 319	285 968 317	295 147 986	9 179 669	Additional ad hoc grants received during the year.
Fines, Penalties and Forfeits	600 000	(323 700)	276 300	1 635 725	1 359 425	Increase in traffic control.
Total revenue from non- exchange transactions	329 209 998	19 370 455	348 580 453	363 155 909	14 575 456	
Total revenue	551 549 603	47 951 230	599 500 833	586 531 207	(12 969 626)	
Expenditure						
Personnel	(207 481 226)	16 883 885	(190 597 341)	(187 091 940)	3 505 401	Vacant positions contributed to the decrease.
Remuneration of councillors	(11 000 000)	(1 948 307)	(12 948 307)	(13 350 038)	(401 731)	
Repairs and maintenance	(4 064 291)	(1 288 491)	(5 352 782)	(3 545 327)	1 807 455	Decrease in registration of indigents.
Depreciation and amortisation	(239 167 445)	(12 915 041)	(252 082 486)	(226 647 232)	25 435 254	
Impairment loss/ Reversal of impairments	-	-	-	(1 268 460)	(1 268 460)	
Finance costs	(2 600 000)	(3 164 191)	(5 764 191)	(9 265 993)	(3 501 802)	Increased due to full utilisation of loans.
Lease rentals on operating lease	(8 327 000)	2 236 122	(6 090 878)	(3 006 212)	3 084 666	Decrease in rentals due to contracts ending.
Debt Impairment	(56 000 000)	(41 022 669)	(97 022 669)	(104 984 116)	(7 961 447)	Increased outstanding debt contribute to additional impairment.
Collection costs	(1 000 000)	(54 000)	(1 054 000)	(1 506 702)	(452 702)	Implementatio n of debt litigators.
Bulk purchases	(67 000 000)	(3 618 000)	(70 618 000)	(74 869 013)	(4 251 013)	
Contracted Services	11 127 275	2 135 519	13 262 794	(12 894 664)	(26 157 458)	Due to <i>Msc</i> <i>reclassification</i> <i>s.</i>
Transfers and Subsidies	(394 000)	(64 612)	(458 612)	(241 014)	217 598	Less subsidies provided/given.
General Expenses	(72 200 441)	4 308 435	(67 892 006)	(40 294 793)	27 597 213	Due to <i>Msc</i> <i>reclassification</i> <i>s.</i>
Total expenditure	(658 107 128)	(38 511 350)	(696 618 478)	(678 965 504)	17 652 974	
Operating deficit	(106 557 525)	9 439 880	(97 117 645)	(92 434 297)	4 683 348	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Loss on disposal of assets and liabilities	-	-	-	(548 613 472)	(548 613 472)	Due to comprehensive asset count
Actuarial gains/(losses)	-	-	-	(3 278 597)	(3 278 597)	Due to recent valuation
	-	-	-	(551 892 069)	(551 892 069)	
Deficit before taxation	(106 557 525)	9 439 880	(97 117 645)	(644 326 366)	(547 208 721)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(106 557 525)	9 439 880	(97 117 645)	(644 326 366)	(547 208 721)	
Reconciliation						

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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2019											
Financial Performance											
Property rates	50 000 000	12 335 836	62 335 836	-		62 335 836	66 372 198		4 036 362	106 %	133 %
Service charges	186 064 000	25 592 283	211 656 283	-		211 656 283	178 270 347		(33 385 936)	84 %	96 %
Investment revenue	2 195 000	435 433	2 630 433	-		2 630 433	3 641 716		1 011 283	138 %	166 %
Transfers recognised - operational	178 643 998	(1 139 681)	177 504 317	-		177 504 317	178 183 986		679 669	100 %	100 %
Other own revenue	34 680 603	2 229 361	36 909 964	-		36 909 964	591 454 780		554 544 816	1 602 %	1 705 %
Total revenue (excluding capital transfers and contributions)	451 583 601	39 453 232	491 036 833	-		491 036 833	1 017 923 027		526 886 194	207 %	225 %
Employee costs	(220 418 958)	28 323 156	(192 095 802)	-	-	(192 095 802)	(187 091 940)	-	5 003 862	97 %	85 %
Remuneration of councillors	-	(12 948 307)	(12 948 307)	-	-	(12 948 307)	(13 350 038)	-	(401 731)	103 %	DIV/0 %
Debt impairment	(56 000 000)	(41 022 669)	(97 022 669)			(97 022 669)	(106 252 576)	-	(9 229 907)	110 %	190 %
Depreciation and asset impairment	(239 167 445)	(12 915 041)	(252 082 486)			(252 082 486)	(226 647 232)	-	25 435 254	90 %	95 %
Finance charges	(2 600 000)	(3 164 191)	(5 764 191)	-	-	(5 764 191)	(9 265 993)	-	(3 501 802)	161 %	356 %
Materials and bulk purchases	(67 000 000)	(3 618 000)	(70 618 000)	-	-	(70 618 000)	(74 869 013)	-	(4 251 013)	106 %	112 %
Transfers and grants	(394 000)	(64 612)	(458 612)	-	-	(458 612)	(241 014)	-	217 598	53 %	61 %
Other expenditure	(72 526 725)	6 898 314	(65 628 411)	-	-	(65 628 411)	(1 161 495 587)	-	(1 095 867 176)	1 770 %	1 601 %
Total expenditure	(658 107 128)	(38 511 350)	(696 618 478)	-	-	(696 618 478)	(1 779 213 393)	-	(1 082 594 915)	255 %	270 %
Surplus/(Deficit)	(206 523 527)	941 882	(205 581 645)	-		(205 581 645)	(761 290 366)		(555 708 721)	370 %	369 %

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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	99 966 000	8 498 000	108 464 000	-		108 464 000	116 964 000		8 500 000	108 %	117 %
Surplus (Deficit) after capital transfers and contributions	(106 557 527)	9 439 882	(97 117 645)	-		(97 117 645)	(644 326 366)		(547 208 721)	663 %	605 %
Surplus/(Deficit) for the year	(106 557 527)	9 439 882	(97 117 645)	-		(97 117 645)	(644 326 366)		(547 208 721)	663 %	605 %

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Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2018				
Financial Performance				
Property rates				52 960 740
Service charges				167 135 018
Investment revenue				2 447 490
Transfers recognised - operational				162 806 008
Other own revenue				47 311 876
Total revenue (excluding capital transfers and contributions)				432 661 132
Employee costs	-	-	-	(175 808 088)
Remuneration of councillors	-	-	-	(12 747 829)
Debt impairment	-	-	-	(79 722 970)
Depreciation and asset impairment	-	-	-	(176 925 653)
Finance charges	-	-	-	(6 997 866)
Materials and bulk purchases	-	-	-	(53 990 492)
Transfers and grants	-	-	-	(2 110 976)
Other expenditure	-	-	-	(59 812 694)
Total expenditure	-	-	-	(568 116 568)
Surplus/(Deficit)				(135 455 436)
Transfers recognised - capital				83 997 000
Contributions recognised - capital and contributed assets				4 091 554
Surplus (Deficit) after capital transfers and contributions				(47 366 882)
Surplus/(Deficit) for the year				(47 366 882)

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Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (No. 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating and non-cash generating asset units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at reporting date, and are discounted to the present value where the time value effect is material. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Useful lives and residual values of property, plant and equipment and intangible assets

The municipality's management determines the estimated useful lives and related depreciation charges of property, plant, equipment and intangible assets. The municipality re-assess the useful lives on an annual basis, considering the conditional and use of the individual assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20.

Effective interest rate

The municipality uses an appropriate interest rate, taking into account guidance provided in the accounting standards, and applying professional judgement to the specific circumstances, to discount future cash flows.

Appropriate adjustments have been made to compensate for the effect of deferred settlement that material impact on the fair value of the financial instruments, revenue and expenses at initial recognition. The adjustments require a degree of estimation around the discount rate and periods used.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

GRAP 24: Presentation of budget information

Deviations between the budget and actual amounts are regarded as material if they exceed a 10% deviation.

All material differences are explained in the notes /appendices to the annual financial statements.

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Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Operating lease commitments

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	15 - 80 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the financial statements (see note 10).

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Accounting Policies

1.3 Investment property (continued)

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Infinite
Buildings	Straight line	10 - 80 years
Plant and machinery	Straight line	2 - 20 years
Furniture and Office equipment	Straight line	5 - 10 years

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Accounting Policies

1.4 Property, plant and equipment (continued)

Transport Assets	Straight line	5 - 20 years
Office equipment	Straight line	3 - 7 years
IT equipment	Straight line	3 - 7 years
Computer Equipment	Straight line	3 - 6 years
Infrastructure - Electricity	Straight line	5 - 50 years
Buildings and other structure (Community)	Straight line	25 - 50 years
Other property, plant and equipment	Straight line	3 - 7 years
Infrastructure Waste Management	Straight line	5 - 40 years
Infrastructure road, Pavement, Bridges and Storm water	Straight line	5 - 80 years
Infrastructure water	Straight line	5 - 80 years
Infrastructure - Waste Water Mananagement	Straight line	10 - 60
Work in process	Straight line	Transfer to assets on completion

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 11).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

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Accounting Policies

1.5 Intangible assets (continued)

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 - 5 Years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

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Accounting Policies

1.6 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 13).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 13).

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

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Accounting Policies

1.6 Heritage assets (continued)

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial Instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

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1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

Loans to (from) municipal entities

These include loans to municipal entities and recognised at fair value plus any transaction costs and subsequently measured at cost.

An impairment loss is recognised in the Statement of Financial Performance when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Debtors

Debtors are initially recognised at fair value plus any transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Performance.

An estimate is made for doubtful debts based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified in the Statement of Financial Performance.

Creditors

Trade payables are initially measured at fair value plus any transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

These are initially and subsequently recorded at amortised cost.

For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments, and bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method.

Long term borrowings are non-derivative financial loans and the Municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects and the book value is disclosed at amortised cost.

Other financial liabilities are carried at amortised cost.

Loans and receivables

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in the Statement of Financial Performance for the period.

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1.7 Financial instruments (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Fixed and Negotiable Deposits

Fixed and negotiable deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the municipality will hold to maturity.

Fixed and negotiable deposits are initially and subsequently measured at fair value which in the case of investments that have an original maturity date of less than 12 months equates the cost. Fixed and negotiable deposits held for greater than 12 months are fair valued annually and the difference recognised in the statement of financial performance.

On disposal of Fixed and negotiable deposits, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.8 Tax

The Municipality is exempted from tax in terms of section 10(1)(a) of the Income Tax Act.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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Accounting Policies

1.9 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate cost of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.12 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Government grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by entities in rendering services. Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed on their use.

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,

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Accounting Policies

1.12 Conditional grants and receipts (continued)

- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

An entity needs to assess the degree of certainty attached to the flow of future economic benefits of service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants should only be recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue should only be recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. For example, equitable share grants per the Division of Revenue Act where the period of use of such funds is stated, should be recognised on a time proportion basis, i.e. over the stated period. Where there is no restriction on the period, such revenue should be recognised on receipt or when the Act becomes effective, whichever is earlier.

In certain circumstances government will only remit grants on a re-imbursement basis. Revenue should therefore be recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with and not when the grant is received.

Other Grants and Donations

Donations shall be measured at the fair value of the consideration received or receivable when the amount of the revenue can be measured reliably.

Other grants and donations shall be recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

1.13 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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1.13 Related parties (continued)

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

1.14 Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

1.15 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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1.15 Impairment of cash-generating assets (continued)

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Value in use

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

1.16 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

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1.16 Impairment of non-cash-generating assets (continued)

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units' approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units' expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.17 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities. An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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1.17 Employee benefits (continued)

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans and/or State plans and/or Composite social security programmes

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan. When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

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1.17 Employee benefits (continued)

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability, the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus, any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

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1.17 Employee benefits (continued)

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

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1.17 Employee benefits (continued)

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees. The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

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1.17 Employee benefits (continued)

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.18 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 54.

1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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1.19 Revenue from exchange transactions (continued)

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

When uncertainty arises about the collectibility of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense, rather than as an adjustment of the amount of revenue originally recognised.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from rental of facilities and equipment is recognised on a straightline basis over the term of the lease agreement.

Interest and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

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Accounting Policies

1.19 Revenue from exchange transactions (continued)

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.20 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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1.20 Revenue from non-exchange transactions (continued)

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Assessment Rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

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Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.21 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.23 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Irregular expenditure

MFMA Circular No 68 and section 32 of the Municipal Finance Management Act No. 56 of 2003 states the following::

Irregular expenditure is defined in section 1 of the MFMA as follows:

"irregular expenditure", in relation to a municipality or municipal entity, means

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the

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Accounting Policies

1.25 Irregular expenditure (continued)

municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

In this context 'expenditure' refers to any use of municipal funds that is in contravention of the following legislation:

- Municipal Finance Management Act, Act 56 of 2003, and its regulations;
- Municipal Systems Act, Act 32 of 2000, and its regulations;
- Public Office-Bearers Act, Act 20 of 1998, and its regulations; and
- The municipality's supply chain management policy, and any by-laws giving effect to that policy

Although a transaction or an event may trigger irregular expenditure, a municipality or municipal entity will only identify irregular expenditure when a payment is made, in other words, the recognition of irregular expenditure will be linked to a financial transaction. If the possibility of irregular expenditure is determined prior to a payment being made, the transgression shall be regarded as a matter of non-compliance.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.27 Value Added Tax (VAT)

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the Standard rate (15%) in terms of section 7(1)(a) of the Value Added Tax Act, (Act 89 of 1991) in respect of the supply goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality account for VAT on a monthly basis.

1.28 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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Accounting Policies

1.28 Budget information (continued)

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified: those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the annual financial statements.

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Notes to the Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2019 or later periods:

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

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2. New standards and interpretations (continued)

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 110 (as amended 2016): Living and Non-living Resources

Amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the amendment is for years beginning on or after 01 April 2020. The municipality expects to adopt the amendment for the first time in the 2020 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

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Notes to the Financial Statements

Figures in Rand	2019	2018
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3. Inventories

Consumable Stores	5 575 372	2 860 937
Carrying value of inventories carried at fair value less costs to sell	5 213 536	2 195 563
Inventories recognised as an expense during the year	3 837 180	2 601 472

Obsolete, redundant and slow moving inventory was identified and written down to estimated economic or realisable values to the relevant service through the statement of financial performance.

Inventory pledged as security

No inventory was pledged as security for the current year.

4. Other financial assets

Designated at fair value

Listed shares	1 126 364	1 009 779
Sanlam		
Unlisted shares	1 288 116	1 235 717
OVK/EFC Shares		
	2 414 480	2 245 496

At amortised cost

Other financial assets	1 308 578	1 234 359
Consist of a Sanlam Redemption fund and a housing collateral at ABSA Bank		
Total other financial assets	3 723 058	3 479 855

Non-current assets

Designated at fair value	2 414 480	2 245 496
At amortised cost	1 308 578	1 234 359
	3 723 058	3 479 855

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 1

Sanlam	1 126 364	1 009 779
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As at 30 June 2019, the Sanlam share value was: R78,16 (2018: R70,07).

Level 3

OVK	1 288 116	1 235 717
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Figures in Rand	2019	2018
4. Other financial assets (continued)		
As at 30 June 2019, the OVK share value was as follows:		
OVK Operations R15,65 (2018: R15,20)		
OVK Holdings R13,60 (2018: R12,90)		
	2 414 480	2 245 496
Financial assets at amortised cost		
Fair values of financial assets measured or disclosed at fair value		
Class 1	1 308 578	1 234 359
5. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	56 907 856	61 444 176
Consumer debtors - Electricity	41 387 509	36 438 849
Consumer debtors - Water	152 323 165	154 510 954
Consumer debtors - Sewerage	71 674 009	58 202 075
Consumer debtors - Refuse	95 146 020	75 569 252
Consumer debtors - Other	8 554 729	2 809 974
	425 993 288	388 975 280
Less: Allowance for impairment		
Consumer debtors - Rates	(16 141 458)	(11 467 915)
Consumer debtors - Electricity	(11 888 404)	(12 444 174)
Consumer debtors - Water	(63 810 115)	(62 047 934)
Consumer debtors - Sewerage	(34 528 722)	(29 939 465)
Consumer debtors - Refuse	(47 382 261)	(39 777 038)
Consumer debtors - Other	(2 718 565)	(2 054 237)
	(176 469 525)	(157 730 763)
Consumer debtors - Rates	40 766 398	49 976 261
Consumer debtors - Electricity	29 499 105	23 994 675
Consumer debtors - Water	88 513 050	92 463 020
Consumer debtors - Sewerage	37 145 287	28 262 610
Consumer debtors - Refuse	47 763 759	35 792 214
Consumer debtors - Other	5 836 164	755 737
	249 523 763	231 244 517
Rates		
Current (0 - 30 days)	4 176 118	(2 832 744)
31 - 60 days	2 481 657	2 814 668
61 - 90 days	2 291 393	2 574 250
91 - 120 days	2 213 813	2 654 361
121 - >365 days	45 744 874	56 233 641
Impairment	(16 141 458)	(11 467 915)
	40 766 397	49 976 261
Electricity		
Current (0 - 30 days)	15 286 409	7 972 808
31 - 60 days	1 870 707	2 354 649
61 - 90 days	948 522	1 209 621

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Figures in Rand	2019	2018
91 - 120 days	1 109 625	1 591 054
121 - >365 days	22 172 246	23 310 717
Impairment	(11 888 404)	(12 444 174)
	29 499 105	23 994 675
Water		
Current (0 - 30 days)	12 873 955	25 435 530
31 - 60 days	5 545 886	5 029 465
61 - 90 days	5 508 252	4 875 423
91 - 120 days	5 078 197	4 751 157
121 - >365 days	123 316 874	114 419 379
Impairment	(63 810 115)	(62 047 934)
	88 513 049	92 463 020
Sewerage		
Current (0 - 30 days)	5 526 927	2 436 411
31 - 60 days	2 594 059	2 307 269
61 - 90 days	2 539 256	2 162 355
91 - 120 days	2 497 039	2 095 229
121 - >365 days	58 516 729	49 200 811
Impairment	(34 528 722)	(29 939 465)
	37 145 288	28 262 610
Refuse		
Current (0 - 30 days)	7 175 661	3 240 205
31 - 60 days	3 389 207	3 004 222
61 - 90 days	3 343 186	2 854 449
91 - 120 days	3 301 450	2 798 300
121 - >365 days	77 936 515	63 672 076
Impairment	(47 382 261)	(39 777 038)
	47 763 758	35 792 214
Other		
Current (0 - 30 days)	1 549 069	240 250
31 - 60 days	110 393	80 796
61 - 90 days	96 600	(134 316)
91 - 120 days	150 836	54 714
121 - >365 days	6 647 831	2 568 530
Impairment	(2 718 565)	(2 054 237)
	5 836 164	755 737
Summary of debtors by customer classification		
Consumers		
Current (0 - 30 days)	40 521 552	37 083 852
31 - 60 days	13 558 670	11 926 119
61 - 90 days	12 817 932	10 497 394
91 - 120 days	12 385 009	10 965 863
121 - >365 days	295 212 331	261 838 224
	374 495 494	332 311 452
Industrial/Commercial		
Current (0 - 30 days)	4 462 271	2 355 690
31 - 60 days	1 353 377	1 011 009
61 - 90 days	1 063 398	846 807
91 - 120 days	1 194 428	754 778

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Notes to the Financial Statements

Figures in Rand	2019	2018
121 - >365 days	25 681 467	18 165 130
	33 754 941	23 133 414
National and provincial government		
Current (0 - 30 days)	1 604 316	(2 946 217)
31 - 60 days	1 079 863	2 665 337
61 - 90 days	845 879	2 197 580
91 - 120 days	771 522	2 224 174
121 - >365 days	13 441 272	29 390 406
	17 742 852	33 531 280
Totals		
Current (0 - 30 days)	46 588 140	36 493 326
31 - 60 days	15 991 910	15 602 464
61 - 90 days	14 727 209	13 541 781
91 - 120 days	14 350 959	13 944 815
121 - >365 days	334 335 069	309 392 892
Less: Allowance for impairment	(176 469 525)	(157 730 761)
	249 523 762	231 244 517
Reconciliation of allowance for impairment		
Balance at the beginning of the year	(157 730 761)	(165 119 394)
Contributions to allowance	(104 984 116)	(78 138 083)
Debt impairment written-off against allowance	86 245 352	85 526 716
	(176 469 525)	(157 730 761)
6. Receivables from exchange transactions		
Consumer debtors - Electricity	29 499 105	23 994 675
Consumer debtors - Water	88 513 050	92 463 020
Consumer debtors - Sewerage	37 145 286	28 262 610
Consumer debtors - Refuse	47 763 758	35 792 214
Consumer debtors - Other	5 836 164	755 737
	208 757 363	181 268 256

No consumer debtors were pledged as security for overdraft facilities.

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from date credit was initially granted up to the reporting date. Furthermore the municipality has also placed a strong emphasis on verifying the indigent status of cocentration of credit risk is limited due to customer base being spread over a large number of consumers, and is not concentrated in any particular sector or geographical arear. Accordingly, management believe that there is no further credit provision required in excess of the Provision for Impairment.

Fair value of trade and other receivables

In determing the recoverability of debtors, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of consumer debtors has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for impairment.

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Notes to the Financial Statements

Figures in Rand	2019	2018
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7. Receivables from non-exchange transactions

Fines	131 606	216 121
Cashiers short banking	382 557	381 528
Sundry Debtors	6 812 522	6 812 522
Prepayments (Eskom and Fuel Deposits)	2 961 348	2 865 798
Rates (Details as per note 5 above)	40 766 398	49 976 261
	51 054 431	60 252 230

8. VAT receivable

The Municipality is registered on the payment basis; VAT is paid over to the South African Revenue Services (SARS) only once payment is received from debtors. VAT receivables are shown in Note 21.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	2 427 931	292 530
Short-term deposits	26 948 717	75 778
Cash on hand	9 207	9 207
	29 385 855	377 515

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed using available information (such as credit ratings or historical information about counterparty default rates):

Credit rating

BB	29 376 648	368 308
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Cash and cash equivalents pledged as collateral

The Municipality has an overdraft facility of R3,000,000 with First National Bank.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
FNB BANK - Account Account - 620 480 92647	2 372 705	298 587	1 115 314	2 427 931	292 530	1 089 984
FNB BANK - Business Money Market - 621 517 83563	9 540	9 245	79 526	9 540	9 245	79 526
FNB BANK - NSTD Account - 620 490 46205	439 969	10 000	837 313	440 638	14 919	837 313
FNB BANK - Call Account - 623 105 40465	26 317 817	10 000	64 873	26 498 539	51 614	64 873
Total	29 140 031	327 832	2 097 026	29 376 648	368 308	2 071 696

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10. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	93 982 952	(26 945 160)	67 037 792	93 982 953	(25 784 285)	68 198 668

Reconciliation of investment property - 2019

	Opening balance	Depreciation	Total
Investment property	68 198 668	(1 160 876)	67 037 792

Reconciliation of investment property - 2018

	Opening balance	Depreciation	Total
Investment property	68 648 208	(449 540)	68 198 668

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Deemed cost

Deemed cost was determined using fair value OR depreciated replacement cost.

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11. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	56 167 585	(484 898)&	55 682 687	56 167 677	(484 898)&	55 682 779
Furniture and Office Equipment	6 453 151	(5 970 366)	482 785	6 412 905	(5 838 494)	574 411
Transport assets	47 939 999	(14 152 223)	33 787 776	50 340 447	(10 360 126)	39 980 321
Computer equipment	8 347 134	(5 962 443)	2 384 691	7 985 683	(5 372 753)	2 612 930
Infrastructure - Electricity	302 056 111	(125 670 619)	176 385 492	299 447 181	(118 401 663)	181 045 518
Buildings & Other Structure Community)	437 338 251	(142 182 271)	295 155 980	445 134 290	(133 414 046)	311 720 244
Infrastructure - Waste management	24 826 179	(4 933 626)	19 892 553	26 990 239	(4 061 113)	22 929 126
Infrastructure: Road, Pavement, Bridges & Storm water	1 953 898 311	1 301 898 822)	651 999 489	2 891 345 249	1 616 057 518)	1 275 287 731
Machinery & Equipment	5 249 727	(3 942 452)	1 307 275	5 271 976	(3 414 972)	1 857 004
Infrastructure - Waste Water (Sanitation)	577 265 586	(138 379 184)	438 886 402	580 620 120	(134 319 850)	446 300 270
Infrastructure - Water	1 002 827 719	(195 061 259)	807 766 460	982 984 955	(175 772 163)	807 212 792
Total	4 422 369 753	1 938 638 163)	2 483 731 590	5 352 700 722	2 207 497 596)	3 145 203 126

& - The Land in the previous financial year was incorrectly classified as a depreciable asset and depreciated with the amount of R484 806. However in the current year it was classified correctly as a non-depreciable asset.

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Work in Progress- additions/tran sfers complet ed projects)	Depreciation	Impairment reversal	Total
Land	55 682 779	-	(92)	-	-	-	55 682 687
Furniture and Office Equipment	574 411	107 469	(404)	-	(198 691)	-	482 785
Transport Assets	39 980 321	-	(1 894 391)	-	(4 298 154)	-	33 787 776
Computer Equipment	2 612 930	878 262	(18 043)	-	(1 088 458)	-	2 384 691
Infrastructure Electricity	181 045 518	3 431 408	(6 368 155)	9 643 125	(11 856 469)	490 065	176 385 492
Buildings & Other Structure Community)	311 720 244	16 455 596	(24 249 845)	4 416 322	(13 412 746)	226 409	295 155 980
Infrastructure - Waste management	22 929 126	-	(421 628)	(1 651 821)	(963 124)	-	19 892 553
Infrastructure: Road, Pavement, Bridges & Storm water	1 275 287 731	19 171 083	(476 068 838)	(13 948 109)	(153 153 405)	711 027	651 999 489
Machinery & Equipment	1 857 004	53 177	(4 277)	-	(598 629)	-	1 307 275
Infrastructure - Waste Water (Sanitation)	446 300 270	11 804 761	(32 881 810)	29 480 154	(16 370 763)	553 790	438 886 402
Infrastructure Water	807 212 792	6 125 000	(8 497 899)	25 602 910	(22 676 343)	-	807 766 460
	3 145 203 126	58 026 756	(550 405 382)	53 542 581	(224 616 782)	1 981 291	2 483 731 590

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Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	# Transfers received	Work in Progress- additions/tran sfers complet ed projects)	Depreciation	Impairment reversal	Total
Land	56 167 677	-	-	-	-	(484 898)	-	55 682 779
Furniture and Office Equipment	407 846	9 606	8 557	252 306	-	(103 904)	-	574 411
Transport Assets	13 200 862	26 801 270	(4 655)	2 801 600	-	(2 818 756)	-	39 980 321
Computer Equipment	2 394 720	470 838	(63 422)	451 596	-	(640 802)	-	2 612 930
Infrastructure Electricity	178 825 514	-	-	7 352 443	5 361 935	(10 494 374)	-	181 045 518
Buildings & Other Structure Community)	303 549 181	550 000	255 300	11 142 681	3 844 516	(8 377 746)	756 312	311 720 244
Infrastructure: Waste Management	23 833 663	-	-	-	-	(904 537)	-	22 929 126
Infrastructure: Road, Pavement, Bridges & Storm water	1 355 332 043	23 932 758	-	12 527 900	(639 426)	(115 865 544)	-	1 275 287 731
Machinery & Equipment	2 098 899	166 740	(38 272)	225 349	-	(595 712)	-	1 857 004
Infrastructure - Waste Water (Sanitation)	390 343 880	-	-	45 686 485	23 974 779	(13 704 874)	-	446 300 270
Infrastructure - Water	779 055 221	59 460 315	(800 168)	32 916 384	(44 815 690)	(18 603 270)	-	807 212 792
	3 105 209 506	111 391 527	(642 660)	113 356 744	(12 273 886)	(172 594 417)	756 312	3 145 203 126

- During the current year's asset verification process different classes of assets were found not appearing on the fixed asset register. The view of the Municipality on the assets was to retrospectively amend the fixed asset register in the prior year.

Pledged as security

Carrying value of assets pledged as security:

Transport Assets	25 635 909	29 612 879
Transport assets purchased on instalment agreement and financed through ABSA and FNB		

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Figures in Rand	2019	2018
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11. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2019

	Included within Infrastructure	Total
Opening balance	96 396 523	96 396 523
Additions/capital expenditure	113 133 086	113 133 086
Transferred to completed items	(59 590 507)	(59 590 507)
	149 939 102	149 939 102

Description	Opening balance	Cost Addition	Transfer Out	Total
Building and Other structure (Community)	15 187 877	20 928 564	(16 512 242)	19 604 199
Infrastructure Electricity	6 711 386	13 081 860	(3 438 735)	16 354 511
Infrastructure Roads, Pavements and Bridges	17 219 222	5 224 244	(19 172 353)	3 271 113
Infrastructure Waste Management	4 783 629	-	(1 651 821)	3 131 808
Infrastructure Waste Water Management	26 122 008	42 170 509	(12 690 355)	55 602 162
Infrastructure Water	26 372 401	31 727 909	(6 125 000)	51 975 310
	96 396 523	113 133 086	(59 590 506)	149 939 103

During the current year the work in process was recalculated and difference were identified and the work in process was restated.

Reconciliation of Work-in-Progress 2018

	Included within Infrastructure	Total
Opening balance	118 256 924	118 256 924
Prior year adjustments	(9 586 515)	(9 586 515)
Additions/capital expenditure	71 119 186	71 119 186
Transferred to completed items	(83 393 072)	(83 393 072)
	96 396 523	96 396 523

Description	Opening balance	Prior year adjustments	Cost Addition	Transfer Out	Closing balance
Building and Other structure (Community)	11 343 361	-	3 844 516	-	15 187 877
Infrastructure Electricity	-	1 349 451	5 361 935	-	6 711 386
Infrastructure Roads, Pavements and Bridges	26 733 358	(8 874 710)	23 293 332	(23 932 758)	17 219 222
Infrastructure Waste Management	1 529 652	3 253 977	-	-	4 783 629
Infrastructure Waste Water Management	5 054 695	(2 907 466)	23 974 779	-	26 122 008
Infrastructure Water	73 595 858	(2 407 767)	14 644 624	(59 460 314)	26 372 401
	118 256 924	(9 586 515)	71 119 186	(83 393 072)	96 396 523

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services - Repair and maintenance	3 548 941	1 518 869
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Figures in Rand	2019	2018
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11. Property, plant and equipment (continued)

The repairs and maintenance on the property, plant and equipment is incurred in the following categories: Buildings & Other structure (Community) R853 706 (2018: R417 705), Transport Assets R2 652 256 (2018: R1 041 871), Machinery & Equipment R0 (2018: R59 293) and Furniture & Equipment R42 979 (2018: R0).

Expenditure incurred on halted projects

Ficksburg/Meqheleng Equipment of Boreholes for emergency water supply	-	783 654
Water Demand Management and Water Conservation	-	3 457 018
	-	4 240 672

Above mentioned projects are at design and planning stage. In the current year there has been no expenditure incurred on halted projects.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

12. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	4 585 469	(4 069 859)	515 610	5 797 589	(4 223 025)	1 574 564

Reconciliation of intangible assets - 2019

	Opening balance	Disposals	Amortisation	Total
Computer software, other	1 574 564	(189 377)	(869 577)	515 610

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software, other	2 639 535	(1 064 971)	1 574 564

13. Heritage assets

	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	15 385 902	-	15 385 902	15 385 903	-	15 385 903

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Figures in Rand	2019	2018
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13. Heritage assets (continued)

Reconciliation of heritage assets 2019

	Opening balance	Total
Historical buildings	15 385 902	15 385 902

Reconciliation of heritage assets 2018

	Opening balance	Total
Historical buildings	15 385 903	15 385 903

14. Other financial liabilities

At amortised cost

Bank loan	4 160 359	4 962 691
Financial liabilities - Instalment sales agreements	24 249 146	30 277 467
	28 409 505	35 240 158
Total other financial liabilities	28 409 505	35 240 158

Refer to Appendix A for further details on the borrowings.

Non-current liabilities

At amortised cost	20 772 460	27 317 132
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Current liabilities

At amortised cost	7 637 045	7 923 026
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15. Finance lease obligation

Minimum lease payments due

- within one year	10 240 511	9 107 194
- in second to fifth year inclusive	14 008 635	28 983 293

	24 249 146	38 090 487
less: future finance charges	(4 734 147)	(7 813 011)

Present value of minimum lease payments	19 514 999	30 277 476
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Present value of minimum lease payments due

- within one year	6 573 721	6 028 330
- in second to fifth year inclusive	12 941 278	24 249 146

19 514 999	30 277 476
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Finance lease obligations are included and form part of total financial liabilities disclosed in the above note.

It is municipality policy to lease certain vehicles, computers, faxes, equipment and photo copy machines under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 11% (2018: 11%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

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Figures in Rand	2019	2018
16. Payables from exchange transactions		
Trade payables	90 419 599	50 093 262
Payments received in advanced	8 080 860	17 524 096
Bonus - 13th Cheque	4 198 829	4 025 646
Accrued leave pay	14 462 394	12 971 939
Salary control - third parties	12 654 718	14 976 672
Retention monies	7 880 554	6 979 276
Unallocated deposits	4 349 885	1 778 106
Payments received in advance - Prepaid electricity	1 674 850	828 005
	143 721 689	109 177 002

Included in the trade payables above is an amount of R 25 110 583 (2018: R 15 478 508) that was owed to eskom at year end.

17. Consumer deposits

Electricity	2 825 622	2 540 477
Water	57 319	60 760
Rental Deposits	336 319	186 529
	3 219 260	2 787 766

Guarantees held in lieu of electricity and other deposits

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Provincial Government - Free State	8 979 260	8 979 260
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Movement during the year

Balance at the beginning of the year	8 979 260	11 066 877
Additions during the year - refer to Note 27.	121 220 986	246 770 007
Income recognition during the year - refer to Note 27.	(121 220 986)	(247 006 107)
Repayment of Unspent Grants	-	(1 851 517)
	8 979 260	8 979 260

19. Provisions

Reconciliation of provisions - 2019

	Opening Balance	Additions	Total
Environmental rehabilitation	11 264 000	3 859 550	15 123 550
Long service bonus (Short term portion)	1 217 000	47 969	1 264 969
Long service bonus (Long term portion)	8 753 000	2 472 775	11 225 775
	21 234 000	6 380 294	27 614 294

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Notes to the Financial Statements

19. Provisions (continued)

Reconciliation of provisions - 2018

	Opening Balance	Additions	Reversed during the year	Total
Environmental rehabilitation	10 496 000	768 000	-	11 264 000
Long service bonus (short term portion)	1 446 000	-	(229 000)	1 217 000
Long service bonus (long term portion)	8 100 000	653 000	-	8 753 000
	20 042 000	1 421 000	(229 000)	21 234 000
Non-current liabilities			26 349 325	20 017 000
Current liabilities			1 264 969	1 217 000
			27 614 294	21 234 000

1. Long Service Bonus

An actuarial valuation of the liability in respect of the long service awards was performed by an independent company.

The primary purpose of this valuation is to enable the municipality to comply with the requirements of GRAP 25. The liability amounts are calculated in accordance with GRAP 25 and can therefore be used in the compilation of the Annual Financial Statements of the Municipality.

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality may become entitled to in the future.

Membership Data

Number of current employees	642	662
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The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value long service awards liability - wholly unfunded	(9 970 000)	(9 546 000)
Service cost	(870 000)	(914 000)
Interest cost	(819 000)	(769 000)
Actuarial benefits paid	1 217 000	1 446 000
Actuarial gains/(losses)	(2 048 744)	(187 000)
As at 30 June	(12 490 744)	(9 970 000)

Valuation Assumptions

In estimating the unfunded liability for Long Service Award of the Municipality a number of actuarial assumptions are required. The GRAP 25 Statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

We have conducted these valuations for about 200 municipalities in South Africa over a period of 15 years, which has enabled us to generate a large database relating to municipal employees. Using this information, we recently performed analysis to assess appropriate ballpark-levels for the demographic assumptions required in municipal GRAP 25 actuarial valuations. This has led to a material change in a couple of assumptions used (which were recommended and agreed to by the Municipality).

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the Long Service Awards arrangement - this is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and Current-Service costs are recognised over time.

The key financial and demographic assumptions are summarised below.

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Notes to the Financial Statements

19. Provisions (continued)

Financial variables

The two most important financial variables used in our valuation are the discount rate and salary inflation. We have assumed the following values for these variables:

The two most important financial variables used in our valuation are the discount rate and salary inflation. We have assumed the following values for these variables:

Financial Variables	Assumed Value	Assumed Value
	at 30-06-2019	at 30-06-2018
	(Current Valuation)	(Preceding Valuation)
Discount Rate	8,12 %	8,75 %
CPI (Consumer Price Inflation)	4,50 %	5,36 %
Normal Salary Increase Rate	5,54 %	6,36 %
Net Effective Discount Rate	2,44 %	2,25 %

Discount Rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 8,12% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payments of long service awards, for each employee. The 8,12% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 2,95%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the JSE after the market close on 28 June 2019. The liability-weighted average term of the liability is 6,74 years.

Earnings Inflation Rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the Long Service Awards are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely General Earnings Inflation and Promotional Escalation. The latter is considered under demographic assumptions.

General Earnings Inflation

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1,5% above CPI inflation.

The expected inflation assumption of 4,54% was obtained from the differential between market yields on index-linked bonds (2,5%) consistent with the estimated terms of the liabilities and those of nominal bonds (8,12%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0,50%). Therefore, expected inflation is determined as $((1+8,12\%-0,50\%)/(1+2,95\%))-1$.

Thus, a general earnings inflation rate of 5,54% per annum over the expected term of the liability has been assumed, which is 1,00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 2,44%.

It has been assumed that the next earnings increase will take place on 1 July 2020.

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19. Provisions (continued)

Demographic Assumptions

Demographic assumptions are required about the future characteristics of current employees who are eligible for Long Service Awards.

We have conducted GRAP 25 actuarial valuations for about 200 municipalities across South Africa over a period of about 15 years, which has enabled us to generate a large database relating to current and former municipal employees. Using this information, we recently performed analysis to assess appropriate ballpark-levels for the demographic assumptions required in municipal GRAP 25 actuarial valuations. The following assumptions were revised to reflect the results of our analysis: average retirement age and withdrawal rates.

Promotional Earnings Scale

The annual inflation rates below are in addition to the General Earnings Inflation assumption of 5,54% per annum for all employees.

In addition to the normal salary inflation rate, we assumed the following promotional salary increase:

Promotional Earnings Scale:

Age Band	Additional promotional scale
20 - 24	5 %
25 - 29	4 %
30 - 34	3 %
35 - 39	2 %
40 - 44	1 %
>44	0 %

Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of all ill-health and early retirement.

Pre-retirement Mortality

SA85-90 ultimate table, adjusted down for female lives.

Withdrawal from Service

If an employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below.

Age Band	Withdrawal Rate Females	Withdrawal Rate Males
20 - 24	9 %	9 %
25 - 29	8 %	8 %
30 - 34	6 %	6 %
35 - 39	5 %	5 %
40 - 44	5 %	5 %
45 - 49	4 %	4 %
50 - 54	3 %	3 %
55 - 59	0 %	0 %
60 +	0 %	0 %

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19. Provisions (continued)

Environmental Rehabilitation (Landfill Sites)

In terms of the Mineral and Petroleum Resources Development Act, 2002 (No 28 of 2002), it is required from the municipality to execute the environmental management program to restore the landfill sites at Ficksburg, Clocolan, Marquard and Senekal. Provision has been made for this cost based on actual cost calculations received from Consulting Engineers. The value of the provision is based on the expected future cost to rehabilitate the various sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a municipality incurs as a consequence of having used the property during a particular period for landfill purposes. The Municipality estimates the useful lives and makes assumptions as to the useful lives of these assets, which influence the provision for future costs.

The following assumptions were used to calculate the provision:

- Total area expected to be rehabilitated: 125 500 square metres;
- Average rate per square metre: R120,53 escalating every year 6,4%;
- Total area to be rehabilitated can reconciled to the different sites as follows:

Ficksburg	38 000 m ²
Senekal	32 400 m ²
Marquard	27 000 m ²
Clocolan	28 100 m ²

Each of the landfill sites have different remaining lifespans ranging from 3 years to 26 years.

Ficksburg	20 Years
Senekal	26 Years
Marquard	3 Years
Clocolan	3 Years

20. Employee benefit obligations

Defined benefit plan

The municipality provides retirement benefits for its employees and councillors. Benefits are provided via defined contribution plans and defined benefit plans as listed below and which are administrated by various pension, provident and annuity funds.

These plans are subject to the Pension Fund Act, 1956 (Act No. 24 of 1956) and include defined contribution plans.

The municipality is under no obligation to cover any unfunded benefits. The only obligation of the municipality is to make the specified contributions.

Sufficient information was not available to use defined benefit accounting for the funds and it was accounted for as defined contribution plans due to the following reasons:

- The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating

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Notes to the Financial Statements

20. Employee benefit obligations (continued)

employers;

- One set of financial statements are compiled for all the funds and not for each participating employer; and
- The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

This is in line with the exemption in GRAP 25 paragraph 31 which states that where information required for proper defined benefit accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans.

Defined contribution plans

The following are defined contribution plans:

- Free State Municipal Provident Fund
- South African Local Authorities Provident Fund
- National Fund for Municipal Workers
- Municipal Employees Pension Fund
- South African Municipal Workers Union Provident Fund
- Municipal Councillors Pension Fund.

The following are defined benefit plans

- Free State Municipal Pension Fund
- South African Local Authorities Pension Fund

These are not treated as a defined benefit plan as defined by GRAP 25, but as a defined contribution plan. These funds are multi-employer plans and actuarial valuations done by actuaries could not be provided due to lack of information. According to the actuaries, it is not possible to report each municipality separately, thus it has been classified as a contribution plan.

Some employees belong to the SALA Pension Fund. The latest actuarial valuation of the funds was on 1 July 2010. These valuations indicate that the funds are in sound financial position. The estimated liabilities of the fund are R 7 418 million (2009: R 6 568 million) which is adequately financed by assets of R 7 110 million (2009: R 6 304 million). The actuarial valuations states that the fund is currently 96% funded by employer contributions. If the current employer contribution rate is maintained the fund is expected to be close to 100% funded at the next statutory valuation.

A few employees belong to the Free State Municipal Pension Fund. The latest actuarial valuations of the fund were on 30 June 2015. These valuations indicate that the fund is in a sound financial position. The estimated liabilities of the fund are R1 308 million which is adequately financed by assets of R 1 531 million. The actuarial valuation determined that the retirement plan was in a sound financial position.

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20. Employee benefit obligations (continued)

Post retirement medical aid plan

The Post-retirement Medical Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	515	534
Contribution members (e.g. Retirees, widows, orphans)	35	41
Total members	550	575

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer's post-employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP 25. The Municipality's current active employees and pensioners have the choice of participating in the following medical schemes:

- LA Health Medical Scheme;
- Bonitas Medical Scheme;
- Hosmed Medical Scheme;
- Samwumed Medical Scheme; and
- KeyHealth Medical Scheme

The amounts recognised in the statement of financial position are as follows:

Present value of the benefit obligation - wholly unfunded	(45 332 000)	(63 087 000)
Service cost	(2 830 000)	(3 602 000)
Interest cost	(4 414 000)	(5 044 000)
Actuarial benefits paid	576 000	1 612 000
Actuarial gains/(losses)	5 910 147	24 789 000
As at 30 June	(46 089 853)	(45 332 000)

Valuation Assumptions

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation date for the period over which the liability obligations are to be settle.

Discount Rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 9.51% per annum has been used. The corresponding index-linked yield at this term is 3.37%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 28 June 2019.

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Notes to the Financial Statements

20. Employee benefit obligations (continued)

These rates were calculated by using a liability-weighted average of the yields for the two components of the liability. Each component's fixed-interest and index-linked yields were taken from the respective bond yield curves at that component's duration, using an iterative process (because the yields depend on the liability, which in turn depends on the yields). The two components are as follows:

Component	Duration (Years)	Fixed Interest- Yield	Index Linked- Yield
In-service members' retirement liability	24,89	9,89 %	3,44 %
Continuation members' liability	9,41	8,70 %	3,22 %
Liability-weighted average	19,96	9,51 %	3,00 %

Health Care Cost Inflation Rate

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 6.96% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 5.46%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 2.38% which derives from $((1+9.51\%)/(1+6.96\%))-1$.

The expected inflation assumption of 5.46% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (3.37%) and those of fixed interest bonds (9.51%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: $((1+9.51\%-0.50\%)/(1+3.37\%))-1$.

The next contribution increase was assumed to occur with effect from 1 January 2020.

Maximum Subsidy Inflation Rate

This assumption is required to reflect estimated future changes in the maximum amount to which subsidies are limited. This maximum amount is set at R 4,492.35 for the year ending 30 June 2020. The annual increases to this maximum amount are periodically specified by the local government bargaining council.

Recent past annual increases balanced with sustainability needs of employees have resulted in this assumption being set at 75% of salary inflation. The future salary inflation assumption of 6.46%, was set to be 1.00% above expected CPI inflation. Thus a maximum subsidy inflation assumption of 4.85% was assumed. The next increase to the maximum subsidy was assumed to occur with effect from 1 July 2020.

Replacement Ratio

This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Demographic Assumptions

Demographic assumptions are required to estimate the changing profile of current employees and retirees who are eligible for post-employment benefits.

We have conducted GRAP 25 actuarial valuations for about 200 municipalities across South Africa over a period of about 15 years, which has enabled us to generate a large database relating to current and former municipal employees. Using this information, we recently performed analyses to assess appropriate ballpark-levels for the demographic assumptions required in municipal GRAP 25 actuarial valuations.

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Notes to the Financial Statements

20. Employee benefit obligations (continued)

The following assumptions were revised (with the Municipality's agreement) to reflect the results of our analyses: average retirement age, membership continuation rate at retirement, proportion with a spouse dependant at retirement and withdrawal rates. In addition, we have added a mortality-improvement component to the post-employment mortality assumption to reflect the current trend of decreasing mortality rates for pensioners in South Africa.

Mortality During Employment

SA85-90 ultimate table, adjusted for female lives.

Post-Employment Mortality

PA(90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010. This means that we expect 1% less people to die next year than under the scenario without mortality improvement. In the following year, we expect 1.99% less people to die than under the scenario without mortality improvement, i.e. 1.99% is derived from $[1 - (1 - 1\%)^2]$, and so on.

Withdrawal from Service

If an in-service member leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below.

Age Band	Withdrawal Rate Females	Withdrawal Rate Males
20 - 24	9 %	9 %
25 - 29	8 %	8 %
30 - 34	6 %	6 %
35 - 39	5 %	5 %
40 - 44	5 %	5 %
45 - 49	4 %	4 %
50 - 54	3 %	3 %
55 - 59	0 %	0 %
60+	0 %	0 %

Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that in-service members will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement.

Continuation of Membership

It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

Family Profile

It has been assumed that female spouses will be five years younger than their male counterparts. Furthermore, we've assumed that 60% of eligible in-service members on a health care arrangement at retirement will have a spouse dependant on their medical aid. For current retiree members, actual medical aid dependants were used and the potential for remarriage was ignored.

Medical Scheme Option

It has been assumed that continuation members will remain on the same medical scheme and option.

In-service members were assumed to remain on the same medical scheme and option, should they continue to receive the subsidy after retirement.

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20. Employee benefit obligations (continued)

Plan Assets

Management has indicated that there are no long-term assets set aside off-balance sheet in respect of the Municipality's post-employment health care liability.

Other Assumptions

It was assumed that the Municipality's health care arrangements and subsidy policy would remain as outlined in Section 3. Furthermore, it was assumed that the level of benefits receivable, and the contributions payable in respect of such, would remain unchanged, with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable, and will continue.

21. VAT payable

VAT payable	42 979 093	11 993 114
VAT receivable	(39 349 157)	(3 971 789)
	3 629 936	8 021 325

The Municipality is registered on the payment basis; VAT is paid over to the South African Revenue Services (SARS) only once payment is received from debtors.

22. Service charges

Sale of electricity	71 317 247	68 344 966
Sale of water	49 759 219	46 965 004
Sewerage and sanitation charges	26 223 005	20 930 724
Refuse removal	30 468 642	30 564 815
Other service charges	502 234	329 509
	178 270 347	167 135 018

23. Other income

Sundry income	3 054 325	1 259 207
Cemetery fees	823 812	700 090
Post-retirement Medical Actuarial Gain	-	17 755 000
	3 878 137	19 714 297

Unallocated deposits older than 3 years have been receipted as Sundry income in terms of the implementation of the Council policy.

24. Rental of facilities and equipment

Premises	1 497 060	1 191 601
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Notes to the Financial Statements

Figures in Rand	2019	2018
25. Investment revenue		
Dividend revenue		
Unlisted financial assets - Local	59 666	51 142
Interest revenue		
Interest earned on cash and bank	255 207	185 229
Investment and short term deposits	3 326 843	2 211 119
	3 582 050	2 396 348
	3 641 716	2 447 490
26. Property rates		
Rates received		
Residential	53 235 051	40 544 501
State	18 967 585	23 943 120
Less: Income forgone	(5 830 438)	(11 526 881)
	66 372 198	52 960 740
Valuations		
Residential	2 708 807 700	2 386 124 260
Commercial	543 248 000	342 612 400
State	462 064 100	306 721 600
Municipal	558 858 100	5 550 100
Small holdings and farms	4 009 768 500	2 250 847 220
Churches	71 348 900	46 134 000
	8 354 095 300	5 337 989 580

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R0.02- (2018: R0.04) is applied to property valuations to determine assessment rates of residential. A general rate of R0.04- (2018: R0.08) is applied to property valuations to determine assessment rates of business.

Rebates of 50% (2018: 79%) are granted to residential, commercial and small holdings and farm property owners.

Rates are levied on an annual basis with equal payments over twelve months. Interest at prime plus 1% per annum is levied on outstanding rates.

The general valuation was implemented on 1 July 2018.

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27. Government grants and subsidies

Operating grants

Equitable share	173 927 000	157 656 001
EPWP Grant	1 517 000	1 889 000
Financial Management Grant (FMG)	1 700 000	1 700 000
SETA Funding	339 986	1 561 007
Financial and Infrastructure Support Grant	700 000	-
	178 183 986	162 806 008

Capital grants

Municipal Infrastructure Grant	57 782 000	47 997 000
Department of Water Affairs Grant	33 500 000	30 000 000
National Government - Integrated National Electricity Grant	682 000	6 000 000
National Government - Regional Bulk Infrastructure	25 000 000	-
	116 964 000	83 997 000
	295 147 986	246 803 008

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Equitable Share

Current-year receipts	173 927 000	157 656 000
Conditions met - transferred to revenue	(173 927 000)	(157 656 000)
	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R 425 (2018: R 337), which is funded from the grant.

MIG Grant

Current-year receipts	57 782 000	47 997 000
Conditions met - transferred to revenue	(57 782 000)	(47 997 000)
	-	-

In terms of the MFMA Circular No. 48, all conditional allocations (excluding interest earned thereon) that at year-end are not utilised must revert back to National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects. The municipality reports at year - end all unspent conditional grants were committed to identifiable projects.

The grant is used to supplement municipal capital budget to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households. The grants were used construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas.

EPWP Grant

Current-year receipts	1 517 000	1 889 000
Conditions met - transferred to revenue	(1 517 000)	(1 889 000)
	-	-

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27. Government grants and subsidies (continued)

Department of Water Affairs Grant

Current-year receipts	33 500 000	15 000 000
Conditions met - transferred to revenue	(33 500 000)	(15 000 000)
	-	-

This grant was used to address water loss control and assisting with water shortages in Clocolan, Marquard and Senekal during drought period.

Financial Management Grant (FMG)

Current-year receipts	1 700 000	1 700 000
Conditions met - transferred to revenue	(1 700 000)	(1 700 000)
	-	-

INEG Grant

Balance unspent at beginning of year	-	1 351 517
Current-year receipts	682 000	6 000 000
Conditions met - transferred to revenue	(682 000)	(6 000 517)
Amount repaid due to under spending of grant	-	(1 351 000)
	-	-

This grant is provided by the Department of Energy to upgrade the electric network.

SETA Funding

Balance unspent at beginning of year	-	236 100
Current-year receipts	339 986	1 324 907
Conditions met - transferred to revenue	(339 986)	(1 561 007)
	-	-

SETA will ensure that the skill requirements sector is identified and that adequate and appropriate skills are readily given to staff of the Municipality.

Rural Bulk Infrastructure Grant

Current-year receipts	25 000 000	15 000 000
Conditions met - transferred to revenue	(25 000 000)	(15 000 000)
	-	-

The amount received was spent in full during the financial year.

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Figures in Rand	2019	2018
27. Government grants and subsidies (continued)		
Provincial Government Free State		
Balance unspent at beginning of year	8 979 260	9 479 260
Current-year receipts	700 000	-
Conditions met - transferred to revenue	(700 000)	-
Other	-	(500 000)
	8 979 260	8 979 260

Conditions still to be met - remain liabilities (see note 18).

COGTA also contributed R700 000 per year towards the Municipal Manager's salary.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, applicable for the financial year, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

28. Revenue

Service charges	178 270 347	167 135 018
Rental of facilities and equipment	1 497 060	1 191 601
Interest received (trading)	33 531 202	24 176 660
Licences and permits	22 720	189 626
Commissions received	902 458	241 353
Sale of land	1 631 658	109 511
Other income	3 878 137	19 714 297
Interest received - investment	3 582 050	2 396 348
Dividends received	59 666	51 142
Property rates	66 372 198	52 960 740
Government grants & subsidies	295 147 986	246 803 008
Public contributions and donations	-	4 091 554
Fines, Penalties and Forfeits	1 635 725	1 688 828
	586 531 207	520 749 686

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	178 270 347	167 135 018
Rental of facilities and equipment	1 497 060	1 191 601
Interest received (trading)	33 531 202	24 176 660
Licences and permits	22 720	189 626
Commissions received	902 458	241 353
Sales of land	1 631 658	109 511
Other income	3 878 137	19 714 297
Interest received - investment	3 582 050	2 396 348
Dividends received	59 666	51 142
	223 375 298	215 205 556

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	66 372 198	52 960 740
Transfer revenue		
Government grants & subsidies	295 147 986	246 803 008
Public contributions and donations	-	4 091 554
Fines, Penalties and Forfeits	1 635 725	1 688 828
	363 155 909	305 544 130

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28. Revenue (continued)

29. Employee related costs

Basic salary	110 000 917	103 592 298
Medical aid - company contributions	13 770 163	11 908 195
Unemployment Insurance Fund	1 096 670	1 076 686
Workers Compensation Act Levies	308 000	755 213
Skills Development Levies	1 501 694	1 520 098
Leave pay provision charge	2 643 901	3 739 189
Defined contribution plans	20 206 155	20 638 471
Travel, motor car, accommodation, subsistence and other allowances	12 265 780	12 005 225
Overtime payments	9 750 083	8 527 445
Long-service awards	770 454	789 976
Acting allowances	2 556 855	1 236 156
Housing benefits and allowances	2 314 455	545 468
Holiday Bonus	9 207 292	8 692 672
Allowance - Telephone	631 376	715 120
Industrial Council Levies	68 145	65 876
	187 091 940	175 808 088

Remuneration of Municipal Manager: Mr S T R Ramakarane

Salary	914 217	2 115 471
Bonus	77 274	-
Backpay	13 066	-
Travel allowance	165 163	173 805
Housing Allowance	114 410	-
Cellphone allowance	40 404	-
Non Pension Allowance	778 270	-
Reimbursive Tax	103 812	-
Subsistence Allowance	11 790	-
Allowance not tax	660	-
Company contributions	21 606	-
Other	-	103 273
	2 240 672	2 392 549

COGTA financed an annual amount of R700 000.00 towards the salary of the Municipal Manager.

Remuneration of Chief Finance Officer - Mr G T Banda

Annual Remuneration	-	275 106
Travel allowance	-	84 282
	-	359 388

Mr GT Banda resigned on 30 September 2017.

Remuneration of acting Chief Financial Officer - Mr D J van Tonder

Acting allowance	63 793	199 321
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Mr van Tonder was acting CFO for the period 16 October 2018 till 31 December 2018. During Mrs Masisi's sick leave.

Remuneration of acting Chief Financial Officer - Mrs M Marx

Acting allowance	76 091	-
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Mrs M Marx was acting CFO for the period 29 March 2019 to 30 June 2019.

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Figures in Rand	2019	2018
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29. Employee related costs (continued)

Remuneration of Chief Financial Officer - Mrs M O Masisi

Salary	389 920	84 618
Bonus	40 562	-
Absenteeism	(22 651)	-
BackPay	11 423	-
Travel allowance	64 215	13 539
Housing allowance	29 432	6 205
Cell Phone	10 703	2 257
Non Pensionable	129 768	27 360
Reimbursive Tax	29 514	-
Subsistence Allowance	5 580	-
Allowance not taxed	732	-
Leave Pay Out	17 151	-
Company contributions	7 990	27 019
	714 339	160 998

Mrs Mathapelo Masisi was appointed on 1 May 2018 and service terminated on the 29 March 2019.

Remuneration of Director Corporate Services - Mr M Ntheli

Annual Remuneration	-	228 966
Travel, accommodation, motor car and other subsistence allowances	-	63 719
	-	292 685

Mr M Ntheli was appointed as the Director Corporate Services from 1 January 2018 and resigned from the position on the 2 February 2018.

Remuneration of Acting Corporate Services Director - Ms S Mihailescu

Acting allowance	114 137	163 732
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Mrs Mihailescu was acting Corporate Services Director for the period 1 August 2017 till 31 December 2017 and 08 September 2018 to 06 December 2018.

Remuneration of Corporate Services Director - Mr T Masejane

Annual Remuneration	-	85 797
Travel, accommodation, motor car and other subsistence allowances	-	20 355
	-	106 152

Mr T Masejane ended his contract on 31 July 2017.

Remuneration of Acting Corporate Services Director - Mrs BL Mokoena

Acting allowance	335 508	106 252
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Mrs Mokoena was acting director Corporate Services from period 1 July 2018 to 07 September 2018 and 07 December 2018 to 31 May 2019.

Remuneration of Director Development, Planning, Security Services - Mr M Ntheli

Annual Remuneration	-	397 534
Travel, accommodation, motor car and other subsistence allowances	-	59 741
	-	457 275

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29. Employee related costs (continued)

Mr M Ntheli ended his contract on 30 November 2017.

Remuneration of Acting Director Development, Planning, Security Services - Mr ME Fokane

Acting allowance	-	57 480
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Mr ME Fokane acted as Director Development, Planning, Security Services for the period 1 November 2017 till 31 December 2017.

Remuneration of Director Development, Planning, Security Services - Mr T Zondo

Salary	641 828	397 163
Bonus	54 652	-
Backpay	14 000	-
Travel allowance	90 013	-
Housing allowance	27 140	-
Cellphone allowance	14 969	-
Reimbursive tax	18 407	-
Subsistence allowance	956	4 796
Non pensionable allowance	49 271	-
Company contributions	10 497	78 611
	921 733	480 570

Mr T Zondo was appointed as Director Development, Planning, Security Services from 1 January 2018.

Remuneration for Engineering Services Director - Mrs TF Zondi

Annual Remuneration	-	711 449
Travel, accomodation, motor car and other subsistence allowances	-	226 983
Other	-	240 672
	-	1 179 104

Mrs TF Zondi ended her contract on 31 March 2018.

Remuneration for Technical Services Director (Acting) - Mr MA Mokhethoa

Acting allowance	120 818	85 625
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Mr MA Mokhethoa was appointed as Acting Director Engineering Services from 01 April 2018 to 30 June 2018 and 01 July 2018 to 01 September 2018.

Remuneration of acting Engineering Services Director - Mr S Kunene

Acting allowance	181 232	-
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Mr S Kunene appointed as Acting Director Engineering Services from 01 September 2018 to 28 March 2019.

Remuneration of acting Engineering Services Director - Mr MS Radiopane

Acting allowance	65 283	-
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Mr MS Radiopane appointed as Acting Director Engineering Services from 29 March 2019 to 30 June 2019.

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30. Remuneration of councillors		
Executive Mayor	880 449	871 526
Mayoral Committee Members	3 850 026	3 690 188
Speaker	715 126	683 212
Councillors	7 904 437	7 502 901
	13 350 038	12 747 827
31. Administrative expenditure		
The Executive Mayor, Speaker and Mayoral Committee are appointed on a full-time basis. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor and Speaker has use of a Council owned vehicle for official duties.		
32. Depreciation and amortisation		
Property, plant and equipment	225 777 655	176 195 937
Investment property	-	574 875
Intangible assets	869 577	154 841
	226 647 232	176 925 653
33. Impairment of assets		
Impairments		
Impairment Fines Debtors	1 268 460	1 584 887
34. Finance costs		
Trade and other payables	5 565 339	4 347 681
Bank	35 873	13 392
Current borrowings	3 664 781	2 636 793
	9 265 993	6 997 866
35. Debt impairment		
Contributions to debt impairment provision	18 738 763	(7 388 633)
Bad debts written off	86 245 353	85 526 716
	104 984 116	78 138 083
36. Bulk purchases		
Electricity	74 869 013	53 990 492

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37. Contracted services		
Presented previously		
Information Technology Services	70 145	627 084
Fleet Services	3 012 056	428 291
Operating Leases	113 066	26 195
Specialist Services	9 590 521	10 979 434
Other Contractors	105 263	1 319 023
Contractors		
Maintenance of Assets	3 613	-
	12 894 664	13 380 027
38. Transfers and subsidies		
Other subsidies		
Distitutional help	241 014	2 110 976
39. Assets write-off		
Assets write-off during the year	548 613 472	911 536
During the current year the Municipality disposed of old and redundant assets.		
There were also assets that were destroyed due to fire and were paid out through insurance.		
Also refer to Note 11.		
40. General expenses		
Advertising	1 117 637	(142 898)
Auditors remuneration	510 773	529 941
Bank charges	363 619	570 291
Entertainment	64 967	27 467
Insurance	1 232 272	1 029 328
Community development and training	1 459 746	1 453 330
Conferences and seminars	565 724	1 722 260
IT expenses	3 168 724	1 948 588
Fuel and oil	7 896 217	5 213 003
Postage and courier	416 530	925 334
Printing and stationery	417 513	162 618
Protective clothing	270 873	810 176
Royalties and license fees	697 616	573 682
Security (Guarding of municipal property)	793 048	1 024 532
Subscriptions and membership fees	2 125 291	1 893 679
Telephone and fax	834 900	967 027
Travel - local	1 530 626	1 538 350
Tourism development	4 608	200 000
Laboratory Services - Water	164 421	393 989
Departmental consumption - Inventory	6 175 442	4 206 116
Ward committee expenses	2 308 528	2 115 475
Water & Chemicals	8 071 066	8 802 118
Other expenses	104 652	39 286
	40 294 793	36 003 692

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41. Cash generated from operations		
Deficit	(644 326 366)	(47 366 882)
Adjustments for:		
Depreciation and amortisation	226 647 232	176 925 653
Assets write-off	548 613 472	911 536
Impairment deficit	1 268 460	1 584 887
Debt impairment	104 984 116	78 138 083
Movements in retirement benefit assets and liabilities	757 853	(17 755 000)
Movements in provisions	6 380 294	1 192 000
Other non-cash items - correction of prior prior years payables	(2)	251 185
Changes in working capital:		
Inventories	(2 714 435)	(440 816)
Receivables from exchange transactions	(27 489 107)	(119 017 804)
Other receivables from exchange transactions	(104 984 116)	(1 305 816)
Other receivables from non-exchange transactions	7 929 339	-
Payables from exchange transactions	34 544 689	(1 361 312)
VAT	(4 391 389)	6 998 025
Unspent conditional grants and receipts	-	(2 087 617)
Consumer deposits	431 494	274 422
	147 651 534	76 940 544
42. Capital commitments		
Commitments in respect of capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	68 487 548	97 599 130
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	75 387 677	13 797 100
Total capital commitments		
Already contracted	68 487 548	97 599 130
Not yet contracted	75 387 677	13 797 100
	143 875 225	111 396 230
43. Related parties		
Related party transactions		
Purchases from (Sales to) related parties		
ERB Marketing & Business Solution	210 000	135 000
Itumeleng Building & Training	5 610	82 105
Selane Transport	-	2 000
Mohautse Taxis	10 400	7 000
Mthembana Construction	-	11 070
Lira Transport	5 850	-
Mthembana Construction	12 150	-
Eternal City Trading	243 695	-
	487 705	237 175

Setsoto Local Municipality

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Notes to the Financial Statements

Figures in Rand	2019	2018
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43. Related parties (continued)

The IT Specialist has close family relations with the management of ERB Marketing that maintains the website of Council.

The owner of Itumeleng Building and Training has close relations with the Manager: Human Resources Mrs B L Mokoena.

The owner of Mthembana Construction has close family relations to Ms S. Metithafa in Corporate Services.

The owner of Selane Transport is an employee (Ms N M A Selane) in the Traffic division of the municipality.

The owner of Mohautse Taxis has close family relations to Mr S Mohautse in Finance Services.

The owner of Lira Transport has close family relations to Mrs MP Lira in the Asset Management services.

The owner of Eternal City Trading has close family relations to Mr LZ Tlale in the Planning and Property Management Department.

44. Unauthorised expenditure

Opening balance	262 833 219	483 061 977
Unauthorised expenditure	616 848 443	17 301 739
Unauthorised expenditure approved/condoned by Council	(23 845 718)	(237 530 497)
	855 835 944	262 833 219

Unauthorised expenditure derived mainly from the correction and revaluation of assets which results in a loss which is a non-cash financial entry against the accumulated surplus account.

Details of unauthorised expenditure

Overspending of expenditure votes, mainly contributed by depreciation on revalued assets (current replacement cost basis).	616 848 443	17 301 739
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45. Fruitless and wasteful expenditure

Opening balance	623 210	723 342
Fruitless and wasteful expenditure	2 979 591	3 350 092
Less: Amounts written off	(3 571 133)	(3 450 224)
	31 668	623 210

Details of fruitless and wasteful expenditure

Payments made on interest and penalties	31 668	301 701
Interest paid on VAT submission 2017/2018	-	273 179
Interest paid on VAT submission 2016	-	48 330
	31 668	623 210

Setso Local Municipality

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Notes to the Financial Statements

Figures in Rand	2019	2018
46. Irregular expenditure		
Opening balance	49 813 134	30 737 009
Add: Irregular Expenditure - current year	76 933 103	98 765 998
Add: Cashiers short banking - Under investigation	1 030	381 527
Less: Amounts written off previous year	(36 760 451)	(26 603 022)
Less: Amounts written off current year	(48 160 304)	(53 468 378)
	41 826 512	49 813 134
Overpayment of Councillors to be recouped		
Opening balance	531 145	531 145
Details of irregular expenditure – current year		-
Details of irregular expenditure		
Expenditure items identified where the SCM processes and procedures were not followed	71 394 787	9 740 224
Short comings on SCM committee	-	52 570 892
Deviations not approved by the Municipal Manager	-	2 040 487
Expenditure under investigation. No final outcome from MPAC	-	3 190 349
Short comings on SCM committee identified during the audit	-	31 605 573
Procurement without inviting competitive bids/Quotations	4 123 840	-
Non-compliance with legislation on contracts	1 414 476	-
Cashier's short banking - under investigation	1 030	-
	76 934 133	99 147 525
47. Audit and Performance Audit Committee Fees		
Audit and Performance Audit Committee	510 773	529 941
48. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government (SALGA)		
Opening balance	(13 613)	(13 613)
Current year subscription / fee	2 074 810	1 829 080
Amount paid - current year	(1 971 766)	(1 829 080)
	89 431	(13 613)
Reticulation(Distribution) losses		
Estimated electricity losses suffered by the municipality for the year under review are as follows:		
The implementation of prepaid electricity meters contributed positively to the decrease in electricity losses.		
The prescribed norm from National Treasury for electricity losses is estimated to be between 7% and 10%		
Electricity		
Estimated electricity losses	8 928 564	2 871 219
Electricity		
Percentage loss	11 %	4 %

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Notes to the Financial Statements

Figures in Rand	2019	2018
48. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Estimated water losses suffered by the municipality for the year under review is as follows:		
Estimated water losses included distribution to townships with unmetered water.		
The prescribed norm from National Treasury for water losses is estimated to be between 15% and 30%.		
Water		
Estimated water losses	15 342 187	7 044 679
Water		
Percentage loss	42 %	26 %
Skills Development Levies		
Opening balance	615 724	234 016
Current year subscription / fee	1 620 598	1 520 318
Amount paid - current year	(1 833 416)	(1 138 610)
	402 906	615 724
Audit fees		
Opening balance	300 159	212 750
Current year subscription / fee	6 756 733	5 690 211
Amount paid - current year	(3 937 425)	(5 602 802)
	3 119 467	300 159
PAYE and UIF		
Opening balance	6 780 115	1 582 328
Current year subscription / fee	23 368 093	20 875 962
Amount paid - current year	(23 969 306)	(15 678 175)
	6 178 902	6 780 115
Pension and Medical Aid Deductions		
Opening balance	4 033 358	4 687 384
Current year subscription / fee	49 886 117	46 566 915
Amount paid - current year	(49 611 687)	(47 220 941)
	4 307 788	4 033 358
VAT		
VAT receivable	39 349 157	3 971 789
VAT payable	(42 979 093)	(11 993 114)
	(3 629 936)	(8 021 325)

VAT output payables and VAT input receivables are shown in note 21.

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Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

48. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2019:

30 June 2019	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor RS Lipoko	4 130	5 361	9 491
Councillor RS Liphoko	4 860	26 710	31 570
Councillor MO Mokhele	5 994	6 855	12 849
Councillor PE Koqo	1 723	1 838	3 561
Councillor KS Mokhuoane	2 195	24 117	26 312
Councillor TJ & PE Matobako	2 170	11 705	13 875
Councillor AN Maoke	7 869	1 156	9 025
Councillor TG Makhalanyane	1 810	13 520	15 330
Councillor A Taylor	1 968	14 411	16 379
Councillor TP Jakobo (Plus one other)	5 531	41 186	46 717
Councillor TI Mthimkhulu	5 737	7 708	13 445
	43 987	154 567	198 554

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor TB Jakobo	8 574	48 162	56 736
Councillor PC Matobako	1 903	22 851	24 754
Councillor EM Makobane	1 501	17 315	18 816
Councillor KE Koalane	1 447	17 116	18 563
Councillor TI Mthimkhulu	4 158	16 345	20 503
Councillor RS Liphoko	2 327	15 109	17 436
Councillor TG Makhalanyane	1 399	11 225	12 624
Councillor PE Ralehlatsi	1 326	7 331	8 657
Councillor MK Ralehlatsi	3 320	1 410	4 730
Councillor AN Maoke	1 257	3 104	4 361
Councillor CD Moipatli	1 224	3 132	4 356
Councillor A Taylor	1 116	2 420	3 536
	29 552	165 520	195 072

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2019	Highest outstanding amount	Aging (in days)
Councillor TP Jakobo (Plus one other)	41 186	1 014
Councillor RS Liphoko	26 710	780
Councillor KS Mokhuoane	24 117	1 438
Councillor A Taylor	14 411	999
Councillor TG Makhalanyane	13 520	475
Councillor TJ & PE Matobako	11 705	767
Councillor TI Mthimkhulu	7 708	275
Councillor MO Mokhele	6 855	282
Councillor RS Lipoko	5 361	276
Councillor PE Koqo	1 838	248
Councillor AN Maoke	1 156	195
	154 567	6 749

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48. Additional disclosure in terms of Municipal Finance Management Act (continued)

30 June 2018

	Highest outstanding amount	Aging (in days)
Councillor TB Jakobo	62 843	650
Councillor PC Matobako	25 775	1 175
Councillor TI Mthimkhulu	21 273	472
Councillor EM Makobane	19 814	1 214
Councillor KE Koalane	19 327	1 229
Councillor MM Mokhele	18 470	4 980
Councillor RS Liphoko	17 436	499
Councillor TG Makhalanye	14 250	922
Councillor CD Moipatli	11 487	807
Councillor MK Ralehlatsi	10 944	274
Councillor MM Khatlake	9 413	581
Councillor PE Koqo	9 158	643
Councillor A Taylor	5 552	442
Councillor AN Maoke	4 361	320
	250 103	14 208

49. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

Various goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the normal procurement processes as required by paragraph 12(1) of the same gazette. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations. These deviations were recorded and reported to the meeting of council.

Deviation summary listing

Emergency cases	2 323 144	3 221 689
Single provider	1 288 081	3 015 193
Impractical	102 061	99 875
Technical nature	407 647	1 390 844
	4 120 933	7 727 601

50. Public contributions and donations

Public contributions and donations	-	4 091 554
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Assets donated

Tipper truck X 2	-	1 895 578
Hyundai bakkies X 4	-	939 616
Land and Building Erf 132/3 Ficksburg	-	550 000
Furniture and Equipment	-	3 500
Printers X 25, Fax machines X 5	-	122 860
Red Cross/Eskom monetary donation	-	580 000
	-	4 091 554

Setso Local Municipality

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Notes to the Financial Statements

50. Public contributions and donations (continued)

The municipality received in-kind donations and assistance during the financial year from various institutions. These donations were mostly of capital nature and were accordingly capitalised in Property, Plant and Equipment. The monetary donation was received unconditionally.

51. Events after the reporting date

There are no significant matters to report after the reporting date.

52. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	7 637 045	-	20 772 460	-
Consumer deposits	3 219 260	-	-	-
Unspent conditional grants and receipts	8 979 260	-	-	-
	19 835 565	-	20 772 460	-

At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	7 923 026	-	-	27 317 132
Consumer deposits	2 787 766	-	-	-
Unspent conditional grants and receipts	8 979 260	-	-	-
	19 690 052	-	-	27 317 132

53. Going concern

We draw attention to the fact that although the municipality reported a deficit of R644 326 365,58 at 30 June 2019, the municipality had an accumulated surplus (deficit) of R 2 603 503 176 and that the municipality's total assets exceeded its liabilities by R 2 603 503 176. The municipality's current assets exceeds current liabilities by R118 160 285.

Setsoto Local Municipality

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Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

Figures in Rand	2019	2018
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53. Going concern (continued)

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

54. Contingencies

From information received from the municipality's Legal section they indicate that the municipality has outstanding claims that could result in a possible contingent liability of R7 342 237. A register is available at the municipality.

Contingent Liabilities - Pending claims

Damage to property - register available at municipality	7 342 237	6 746 029
Costs to defend these cases	-	722 659
	7 342 237	7 468 688

Setso Local Municipality

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Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

Figures in Rand	2019	2018
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54. Contingencies (continued)

Contingent assets

There is a civil claim against Sharp Connect, a service provider whose contract was terminated in July 2015. They continued deducting money from the municipality's bank account until December 2015. Civil proceedings have commenced against the service provider concerned to recover an amount of R208 280.

Municipal Service Account owed by A34 Funeral Services for an amount of R 37 585.89

55. Operating lease

The municipality has the following significant leasing arrangements:

- Nashua - Photocopiers and printers
- There are no existing terms of purchase options on these contracts;
- Leases are negotiated for an average term of 3 years. No sublease contracts exist and no contingent rent is payable for the reporting period. There are no renewal and/or purchase options. The leasing arrangements expired during year aend and there are no future obligations as at year end.

Operating leases- as lessee (expense)

Within one year	1 400 000	505 490
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Certain of the municipality's property is held to generate rental income. Rental of property is expected to generate rental yields of 5% on an ongoing basis.

Operating leases - as lessor (income)

Within one year	1 571 913	797 637
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56. Accumulated surplus

Changes to Accumulated surplus

	Balance	Total
Opening balance	3 241 017 020	3 241 017 020
Surplus/(Deficit) for the year	(644 326 366)	(644 326 366)
	2 596 690 654	2 596 690 654

57. Prior period errors (Comparative figures)

Finance charges amounting to R1 037 233 for the Wesbank loan accounts was not capitalised for two months where there was no payment.

Expenditure was overaccrued for by an amount totaling R730 763 in the prior year.

Correction of a prior year error relating to assets amounting to R251 185.

During the period under review it was noted that assets that were found in the verification process that were not on the fixed asset register.

During the period under review it was noted that work in process was overstated as payments were incorrectly capitalised to work in process that should have been expensed.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Increase in Wesbank borrowings	(1 037 233)	-
Decrease in Payables and accruals	730 763	-
Decrease in Payables and accruals	251 185	-
Increase in Property, plant and equipment	113 356 744	-

Setso Local Municipality

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Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

Figures in Rand	2019	2018
57. Prior period errors (Comparative figures) (continued)		
Decrease in Property, plant and equipment	(9 586 515)	-
Decrease in receivables from non exchange transactions	(6 812 522)	-
Statement of financial performance		
Increase in Finance costs	1 037 233	-
General expenses	(730 763)	-
Statement of changes in net assets		
Net increase in Accumulated surplus	96 902 421	-

The effect on the elements of the financial statements is as follows:

Statement of financial position - extract	Comparative figures previously reported	Restatement	After restatement
Payables from exchange transactions	110 158 947	(981 948)	109 176 999
Other financial liabilities	26 279 899	1 037 233	27 317 132
Increase in Property, plant and equipment	3 041 432 898	103 770 229	3 145 203 126
Decrease in receivables from non exchange transactions	51 054 431	(6 812 522)	44 241 909
Statement of financial performance - extract	Comparative figures previously reported	Restatement	After restatement
Finance costs	5 960 633	1 037 233	6 997 866
General expenses	36 734 455	(730 763)	36 003 692
Statement of changes in net assets - extract	Comparative figures previously reported	Restatement	After restatement
Deficit for the year	(47 060 412)	(306 470)	(47 366 882)
Accumulated surplus	3 144 114 600	96 902 421	3 241 017 021
Cash flow statement - extract	Comparative figures previously reported	Restatement	After restatement
Finance costs	(5 960 633)	(1 037 233)	(6 997 866)
Net cash flows from operating activities	77 977 777	(1 037 233)	76 940 544
Other financial liabilities taken up	19 061 811	1 037 233	20 099 044

Reclassifications:

The Employee benefit obligation was classified between its long term and the short term portion. The effect of the reclassification is as follows:

Statement of Financial position - extract	Comparative figures previously reported	Restatement	After restatement
Current liabilities - Employee benefit obligation	-	576 000	576 000
Non-current liabilities - Employee benefit obligation	45 332 000	(576 000)	44 756 000

Recalculations

The prior year Cash Flow Statement was recalculated and restated during the year, the affected items were the following:

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Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

Figures in Rand

57. Prior period errors (Comparative figures) (continued)

Cash flow statement extract

	Comparative figures previously reported	Restatement	After restatement
Property rates	55 060 236	(2 957 760)	52 102 476
Sale of goods and services	75 448 723	1 799 149	77 247 872
Grants	244 715 390	2 087 617	246 803 007
Other receipts	4 100 628	17 302 497	21 403 125
Other non-cash item	277 440	(234 672)	42 768

Setsoto Local Municipality

Appendix A

June 2019

Schedule of external loans as at 30 June 2019

Loan Number	Redeemable	Balance at Saturday, 30 June 2018	Interest for the period	Redeemed written off during the period	Balance at Sunday, 30 June 2019	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		

Development Bank of South Africa

DBSA Loan @16.75%	13457	30/06/2020	718 182	107 375	437 640	387 917	-	-
DBSA Loan @11.36%	101389	31/12/2024	4 244 509	469 654	941 721	3 772 442	-	-
			4 962 691	577 029	1 379 361	4 160 359	-	-

Instalment sales agreements - ABSA Bank Limited

ABSA Bank Limited at 10%	89515381	01/06/2022	754 384	68 189	229 649	592 924	-	-
ABSA Bank Limited at 10%	89514989	01/06/2022	544 771	49 242	165 839	428 174	-	-
ABSA Bank Limited at 10%	89516256	01/06/2022	1 133 757	102 481	345 138	891 100	-	-
ABSA Bank Limited at 10%	89515861	01/06/2022	421 053	38 059	128 177	330 935	-	-
ABSA Bank Limited at 10%	89516272	01/06/2022	1 133 757	102 481	345 138	891 100	-	-
ABSA Bank Limited at 10%	89515110	01/07/2022	2 038 176	184 717	610 155	1 612 738	-	-
ABSA Bank Limited at 10%	89514009	01/07/2022	924 587	83 794	276 787	731 594	-	-
ABSA Bank Limited at 10%	89514076	01/07/2022	924 587	83 794	276 787	731 594	-	-
ABSA Bank Limited at 10%	89516795	01/06/2022	51 751	4 678	15 753	40 676	-	-
ABSA Bank Limited at 10%	89516779	01/06/2022	51 751	4 678	15 754	40 675	-	-
ABSA Bank Limited at 10%	89517519	01/09/2022	1 334 727	121 562	386 879	1 069 410	-	-
ABSA Bank Limited at 10%	89512457	01/09/2022	2 981 468	271 540	864 197	2 388 811	-	-
ABSA Bank Limited at 10%	89512260	01/09/2022	1 335 451	121 628	387 089	1 069 990	-	-
ABSA Bank Limited at 10%	89512260	08/08./202	2 064 129	187 540	607 913	1 643 756	-	-
			15 694 349	1 424 383	4 655 255	12 463 477	-	-

Instalment sales agreement - Wesbank

Wesbank, a division of First Rand Limited	85265501996	01/08/2022	737 043	84 344	236 450	584 937	-	-
Wesbank, a division of First Rand Limited	85265447849	01/09/2022	1 167 289	134 387	357 410	944 266	-	-

Setsoto Local Municipality

Appendix A

June 2019

Schedule of external loans as at 30 June 2019

	Loan Number	Redeemable	Balance at Saturday, 30 June 2018	Interest for the period	Redeemed written off during the period	Balance at Sunday, 30 June 2019	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
			Rand	Rand	Rand	Rand		
Wesbank, a division of First Rand Limited	85264693609	01/09/2022	3 919 575	439 288	1 188 119	3 170 744	-	-
Wesbank, a division of First Rand Limited	85264694308	01/09/2022	3 919 575	439 287	1 188 119	3 170 743	-	-
Wesbank, a division of First Rand Limited	85266334438	01/09/2022	1 466 886	168 879	449 143	1 186 622	-	-
Wesbank, a division of First Rand Limited	85266283448	01/09/2022	1 466 886	168 879	449 143	1 186 622	-	-
Wesbank, a division of First Rand Limited	85266628441	01/09/2022	738 584	85 031	226 146	597 469	-	-
Wesbank, a division of First Rand Limited	8526537408	01/09/2022	1 167 289	134 387	357 410	944 266	-	-
			14 583 127	1 654 482	4 451 940	11 785 669	-	-
Total external loans								
Development Bank of South Africa			4 962 691	577 029	1 379 361	4 160 359	-	-
Instalment sales agreements - ABSA Bank Limited			15 694 349	1 424 383	4 655 255	12 463 477	-	-
Instalment sales agreement - Wesbank			14 583 127	1 654 482	4 451 940	11 785 669	-	-
			35 240 167	3 655 894	10 486 556	28 409 505	-	-

Setsotho Local Municipality
Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2019

	2018/2019							2017/2018					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand		Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote													
Executive & Council	44 853 000	109 432	44 962 432	44 962 432	45 032 313		69 881	100 %	100 %				-
Municipal Manager	4 283 000	(62)	4 282 938	4 282 938	4 982 938		700 000	116 %	116 %				-
Budget and Treasury Office	82 231 000	15 802 414	98 033 414	98 033 414	112 717 241		14 683 827	115 %	137 %				-
Corporate Services	1 607 000	(1 083 818)	523 182	523 182	486 588		(36 594)	93 %	30 %				-
Development Planning and Social Security	5 021 000	(2 482 073)	2 538 927	2 538 927	2 532 755		(6 172)	100 %	50 %				-
Development Planning and Social Security	51 210 000	9 863 184	61 073 184	61 073 184	62 471 526		1 398 342	102 %	122 %				-
Engineering Services	362 345 000	25 741 756	388 086 756	388 086 756	386 519 390		(1 567 366)	100 %	107 %				-
Total Revenue by Vote	551 550 000	47 950 833	599 500 833	599 500 833	614 742 752		15 241 919	103 %	111 %				520 749 684
Expenditure by Vote to be appropriated													
Executive and Council	21 660 000	3 345 568	25 005 568	25 005 568	49 068 074	24 062 506	24 062 506	196 %	227 %	-	-	-	-
Municipal Manager	28 373 000	1 947 931	30 320 931	30 320 931	17 890 618	-	(12 430 313)	59 %	63 %	-	-	-	-
Budget and Treasury Office	39 478 000	3 459 132	42 937 132	42 937 132	613 803 525	570 866 393	570 866 393	1 430 %	1 555 %	-	-	-	-
Corporate Services	32 578 000	(6 191 200)	26 386 800	26 386 800	28 359 321	1 972 521	1 972 521	107 %	87 %	-	-	-	-
Development Planning and Social Security	26 780 000	(3 141 443)	23 638 557	23 638 557	27 597 829	3 959 272	3 959 272	117 %	103 %	-	-	-	-
Development Planning and Social Security	57 545 000	8 634 197	66 179 197	66 179 197	73 992 708	7 813 511	7 813 511	112 %	129 %	-	-	-	-
Engineering Services	451 693 000	30 457 293	482 150 293	482 150 293	448 357 041	-	(33 793 252)	93 %	99 %	-	-	-	-
Total Expenditure by Vote	658 107 000	38 511 478	696 618 478	696 618 478	1 259 069 118	608 674 203	562 450 640	181 %	191 %	-	-	-	565 445 567
Surplus/(Deficit) for the year	106 557 000	9 439 355	(97 117 645)	(97 117 645)	(644 326 366)		(547 208 721)	663 %	(605)%				(44 695 883)

